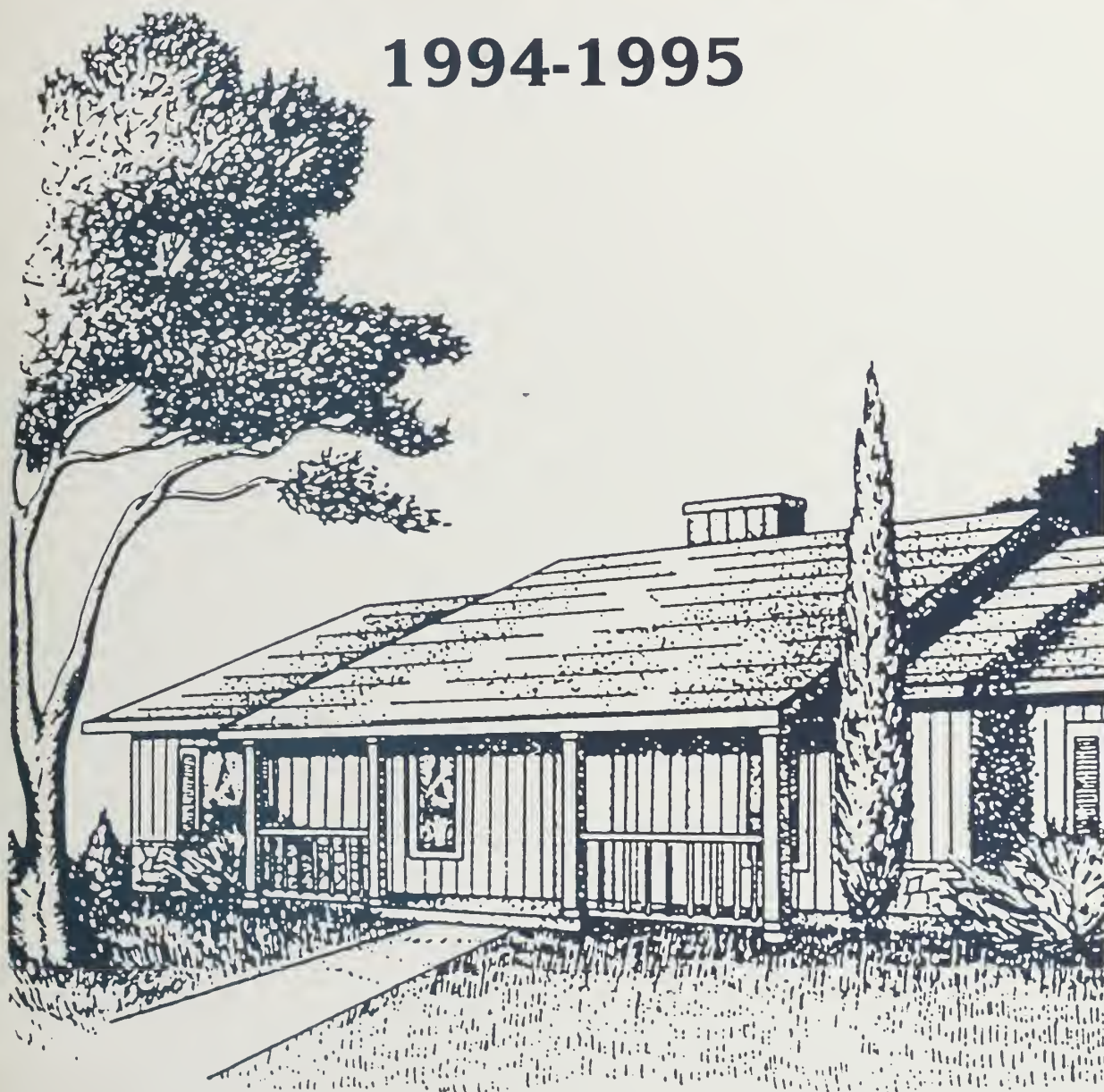


Montana Board of Housing Annual Report

1994-1995



Further information on our programs may be obtained by writing:

Montana Board of Housing

836 Front Street

PO Box 200528

Helena, MT 59620-0528

or by telephoning (406) 444-3040

Montana State Library



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INTRODUCTION

The Montana Board of Housing was created by the Montana Housing Act of 1975. The Board is an agency of the State and operates within the Department of Commerce for administrative purposes. As of June 1, 1995, the Board is attached to the Housing Division within the Department of Commerce, and the Board's Administrator is also the Administrator of the Housing Division. Under the Housing Act the Board does not receive appropriations from the State's general fund and is completely self-supporting. Substantially all of the funds for Montana Board of Housing operations and programs are provided by the private sector through the sale of tax-exempt bonds.

Montana Board of Housing's public purpose is to provide decent, safe, sanitary and affordable housing for lower income individuals and families in the State of Montana. Montana Board of Housing accomplishes this purpose by issuing tax-exempt bonds, administering federal housing programs and working in partnership with many other housing providers throughout Montana.

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MONTANA BOARD OF HOUSING
P.O. Box 200528
HELENA, MONTANA 59620-0528
(406) 444-3040



Bob Thomas, Chairman, and Maureen Rude, Administrator, at the ribbon cutting for the Courtyard Apartments in Kalispell. Bob is an insurance agent in Stevensville, Montana, and has served on the Board for almost seven years.

CHAIRMAN AND ADMINISTRATOR'S MESSAGE

TO THE HONORABLE MARC RACICOT, MEMBERS OF THE STATE LEGISLATURE, MEMBERS OF CONGRESS, BONDHOLDERS, AND HOUSING PROVIDERS:

Representing the Montana Board of Housing, we are pleased to report on the agency's activities and accomplishments for the Fiscal Year 1994-95. The pages of this report provide insight into the production levels of Montana Board of Housing benchmark Single Family and Multifamily Programs as well as the progress made in developing new programs to better challenge housing needs in our state.

This fiscal year was one of significant change at the Board of Housing. The Board members and staff rose to the challenge of dealing with these changes, using creativity and innovation to accomplish new and different things. The Board and staff took on a review of many things that were being done "because that is how we always did it", and made changes to make the Board's programs more responsive to the needs of our customers.

The highlights of the Montana Board of Housing for Fiscal Year 1994-95 are:

July 1994:

- The Board met with local housing providers and advocates in Bozeman and Billings to identify the housing needs of that area of the state.
- The Board modified the Home buyer's Cash Assistance Program to increase the maximum purchase price to \$60,000, as well as making other changes which enhance the program.

August 1994

- The Board approved a \$3,000,000 recycled mortgage set aside program for the City of Billings. The program combines HOME Program funds with the Board's permanent mortgage financing to target Homebuyers at 60 percent of median income. The City of Billings pre-qualifies applicants and inspects the properties.
- The Board approved recycled mortgage set asides for the Western Montana Mental Health Center and District XI Human Resource Council in the amounts of \$1,330,000 and \$1,500,000 respectively. The program combines HOME and Community Development Block Grant (CDBG) funds with the Board's permanent mortgage financing to target Home buyers between 50 and 80 percent of median income, with a lower interest rate attached to the lowest income Home buyers. The project is a new subdivision with townhouse style duplexes and fourplexes.
- The Board approved Low Income Housing Tax Credit projects in Bigfork (32 units), Great Falls (20 units), Bozeman (24 units), Kalispell (34 units), and Belgrade (32 units).

September 1994:

- The Board issued its 1994C Single Family Program Bonds to provide mortgage funds in the amount of \$23,985,000 for its first time home buyer program at a mortgage rate of 7 percent.
- The Board met with local housing providers and advocates in Butte and Dillon to identify the housing needs of that area of the state.
- The Board changed its policy regarding maximum purchase price limits. The maximum purchase price is based on the lesser of the maximum FHA mortgage limit for the county or the Board's cap of \$100,000.
- The Board approved two new lenders in its programs, Citizens State Bank of Scobey and First Security Bank of Malta.
- The Board modified its Disabled Accessible Home ownership program to clarify areas which had caused some confusion among the Board's customers. The Board added a cash assistance component to the program to assist with down payment and closing costs.

-
- The Board approved a \$2,400,000 recycled mortgage set aside program for the City of Kalispell. The program combines HOME Program, CDBG, Federal Home Loan Bank, and City of Kalispell funds with the Board's permanent mortgage financing to target home buyers at 60 to 80 percent of median income. The City of Kalispell is developing a new subdivision, and will screen the applicants and provide home buyer training.
 - The Board approved a \$480,000 recycled mortgage set aside program for Neighborhood Housing Services (NHS) in Great Falls. The program combines HOME Program funds with the Board's permanent mortgage financing to target home buyers at 65 percent of median income. NHS is constructing 12 new homes, will screen and counsel applicants, as well as provide home buyer training.

October 1994:

- The Board approved Low Income Housing Tax Credit projects in Helena (7 units), Livingston (24 units), Forsyth (two projects, one of 24 units and one of 12 units), Hysham (12 units), Big Timber (24 units), and Manhattan (16 units).

November 1994:

- The Board gave preliminary approval to District IX Human Resource Development Council for development of a 24 unit apartment complex in Bozeman under the Board's Multifamily Risk Sharing Program. The project would target individuals below 60 percent of median income.
- The Board approved Mountain West Bank in Helena as a new lender in the Board's programs.

December 1994:

- The Board established a new Home Buyer's Cash Assistance Program to provide down payment and closing cost assistance, with a first mortgage rate of 5 $\frac{7}{8}$ percent.
- The Board changed income limit requirements on its Reverse Annuity Mortgage Program to 200 percent of the poverty level by household size.
- The Board approved the Qualified Allocation Plan for the Low Income Housing Tax Credit Program for 1995.
- The Board and the Department of Commerce agreed to a reorganization of housing programs within the department, placing the Board of Housing, Section 8 and HOME programs in one Division with a common Administrator. The Board will continue to be the policy making entity for Board of Housing programs.

January 1995:

- The Board approved First Security Bank of Roundup as a new lender in the Board's programs.
- The Board reviewed and changed many of its policies and procedures, including the 30 mile rule (which was eliminated), hazard insurance requirements, purchase price limits, lender participation documents (which are now combined in to one set of guidelines, with two page sign up documents for each program), lot sizes, and face-to-face interviews. These changes were made to make the programs work better for the Board's customers.
- The Board determined FHA 203(k) loans could be purchased prior to completion of the rehabilitation, with the hope of encouraging lenders to participate in the program.

February 1995:

- The Board approved a \$780,000 recycled mortgage set aside program for NHS in Great Falls. NHS will provide down payment assistance for people below 80 percent of median income.
- The Board set aside \$1,000,000 of recycled mortgage funds for the HUD 184 program, to finance homes on tribal trust land on Indian reservations.
- The Board agreed to set aside \$1,000,000 out of the next bond issue for guaranteed loans under the RECD rural housing program.

March 1995:

- The Board approved issuance of its \$33,580,000 1995A Single Family Bond Issue, with a mortgage program rate of 6.75 percent.
- The Single Family Program staff provided lender and Realtor training workshops across the state.

April 1995:

- The Board established a new Home Buyer's Cash Assistance Program, providing up to \$1,000 in down payment assistance to eligible borrowers, with permanent mortgages at a fixed rate of 6 percent.

May 1995:

- The Board met with local housing providers, county commissioners and other interested parties in Thompson Falls to identify the housing needs of that area of the state.
- The Board approved a Low Income Housing Tax Credit project in Missoula (8 units).
- The Board approved Inland Mortgage as a new lender in the Board's programs.

June 1995:

- The Board and staff met with Moody's Investor Services to discuss the rating process and the areas Moody's reviews as part of the rating process.
- The Board transferred \$15,000,000 from reserve funds to program funds to originate mortgages for first time home buyers in the state.
- The Board approved a "Request for Proposal" process for recycled mortgage funds, setting up procedures for entities to follow in submitting proposals for use of the Board's recycled funds.

Much of our focus during the course of the year has been in the development of targeted affordable housing programs and enhancements to our traditional programs. Affordability is of more concern now than in recent history and the development of partnerships with able housing providers is critical to challenging the housing needs of given groups of low income individuals and families as well as those of our communities.

Looking ahead, the Board anticipates increased communication and cooperation between the various housing programs at the state level, through the reorganization of housing programs within the Department of Commerce, and the creation of a Housing Coordinating Team which brings together housing program staff from the state and federal level. We are confident that the Montana Board of Housing is well positioned to assist in the provision of affordable housing opportunities for Montanans.

In the coming year, we will continue our focus on informing more Montanans of the housing opportunities available to them through the Montana Board of Housing. We anticipate conducting workshops on our various programs for lenders, Realtors, non-profit housing providers, governmental entities, and for-profit developers. The ultimate goal is to get more families in to permanent housing, through our various Home ownership and rental housing programs, and to keep more elderly people in their homes through our Reverse Annuity Mortgage Program.

Our sincere thanks to all who have served the agency so well: to the staff who have worked diligently and are conscientious; to the current Board Members who have committed much time and energy away from their businesses and their recreation to attend work sessions, public and board meetings in Helena as well as throughout the state. Communication is important and lack of it breeds misconception, misunderstanding and disaster, therefore, this Board will continue to meet in various areas around the state in 1996 and 1997, not only to better inform the lending institutions and Realtors, but also to inform the public of the various programs and assistance in affordable housing, and to get their input as to how our programs could be improved.

Bob Thomas, Chairman

Maureen J. Rude, Administrator

THE BOARD

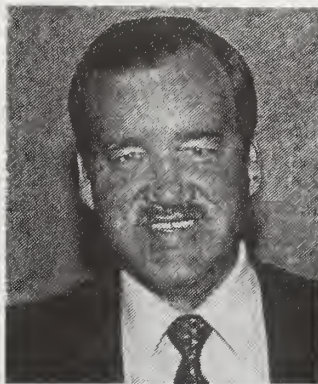
The powers of the Board are vested in a seven member Board, appointed by the Governor, subject to the confirmation of the State Senate. The majority of the board members' terms coincide with the four-year term of the Governor; the remaining board members serve four-year terms which expire in the middle of the Governor's term. The Chairman of the Board is appointed by the Governor and other officers of the Board are elected by the board members. Each Board member serves until a successor is appointed and confirmed by the State Senate.

The Board provides policy direction to the agency staff, authorizes bond issues, approves development financing and evaluates Montana Board of Housing Programs. The commitment of time and energy by Board members has resulted in an improved quality of life for thousands of Montana citizens. Their leadership is vital to the Montana Board of Housing meeting Montana's housing needs.

BOARD MEMBERS



Robert Savage, Vice Chairman



Paul Bankhead, Secretary



William Oser



Waneeta Farris



Barbara Hamlin



Mike McKee

Bob Thomas, Chairman (pictured in Chairman's message) owns an insurance agency in Stevensville, Montana. Bob has served on the Board for seven years, and has been Chairman for three.

Robert Savage, Vice Chairman has a Bachelor of Arts degree and a Doctor of Jurisprudence degree from the University of Montana. Bob is currently a partner in the law firm of Habedank, Cumming, Best & Savage in Sidney, Montana. Bob has served on the Board since 1993, and is also involved in the Volunteer Fireman's Association, and belongs to several Bar Associations and Tribal Courts.

Paul Bankhead, Secretary is a Pork Producer in Heron, Montana. Paul represents the fifth generation in his family in agriculture. Paul is actively involved in politics and is on the school and fair boards. Paul has served on the Board of Housing since 1993.

William Oser, C.L.U. has lived in Montana and Wyoming most of his life, working for the Bureau of Reclamation and Shell Oil before going in to the insurance business in 1960, from which he retired in 1992. Bill is actively involved in the business community in Billings, Montana, and has been President of the Company Stores for 20 years. Bill has served on the Board since 1993.

Waneeta Farris is Branch Manager of Norwest Bank in Forsyth, Montana. She has been with the bank since it opened in 1983. Waneeta is the Board's newest member, appointed by Governor Racicot in 1995.

Barbara Hamlin and her husband Jerry are Broker/Owners of State Capitol Realtors in Helena, Montana. Barbara is a graduate of Carroll College and has been active in the real estate profession for 10 years. Barbara has served on the Board since 1994.

Mike McKee is President of First Federal Savings and Loan Association in Hamilton, Montana. Mike returned to the Board in 1993, having served on the Board in the late 80's.

DEPARTMENT OF COMMERCE



Jon D. Noel was appointed Director of the Montana Department of Commerce by Governor Marc Racicot in January 1993. He is a fifth generation Montanan and holds a MBA from Columbia University. His professional experience is in the areas of finance, management information systems production, marketing, and general management.

LEGAL AND PROFESSIONAL SERVICES

BOARD GENERAL COUNSEL;

Luxan and Murfitt — Helena, MT

INDEPENDENT AUDITOR;

Legislative Audit Division — Helena, MT

BOARD BOND COUNSEL;

Kutak Rock — Omaha, NE

INVESTMENT BANKING TEAM;

Paine Webber Inc. — San Francisco, CA

D. A. Davidson and Co. Inc. — Great Falls, MT

Dain Bosworth, Inc. — Minneapolis, MN

Merrill Lynch Capital Markets — New York, NY

Piper, Jaffray Inc. — Minneapolis, MN

MONTANA BOARD OF HOUSING STAFF

Maureen Rude, Administrator (pictured in Administrator's message)

ACCOUNTING STAFF:



Back row, left to right: Kurt Lewis, Accountant; Kelly Rusoff, Accounting and Finance Manager; Dolly Snyder, Assistant Accounting and Finance Manager. Front row, left to right: Diana Kuhl, Accounting Technician; Mary Blair, Accounting Technician. Not pictured: Jenny Bloom, Accounting Technician.

MULTIFAMILY PROGRAM STAFF:



Left, Bruce Brensdal, Multifamily Program Manager; Right, Connie Boyer, Program Specialist

SINGLE FAMILY PROGRAM STAFF:



Left to right: Robert Morgan, Single Family Program Manager; Karen English, Program Specialist; Meredith Miller, Program Specialist; Diana Hall, Administrative Assistant; Lore Perrina, Program Specialist

SINGLE FAMILY PROGRAMS

The Board, during the course of Fiscal Year 1995, offered the Single Family Mortgage Program, the Recycled Single Family Mortgage Program, and the Home Buyers Cash Assistance Program. Over the past 18 years the Board has helped over 22,500 individuals and families become homeowners.

SINGLE FAMILY MORTGAGE PROGRAM

The home financing program is exclusively supported from the sale of tax-exempt Mortgage Revenue Bonds issued periodically by the Board. The tax-exempt status allows the agency to pass along the interest savings to lower income persons and families in the form of low-interest home loans.

Mortgage loan applications are originated and processed in compliance with FHA, VA or the RECD (formerly the Farmers Home Administration) Guaranteed Rural Housing Loan Program underwriting criteria by Board-approved Montana real estate lenders. The person or family reserves mortgage funds through an approved lender on a first-come first-serve basis with the Board.

The FHA insured, VA guaranteed or RECD guaranteed mortgage is generally made for a term of 30 years. The mortgage interest rate is determined by the price the Board must pay to investors on the tax-exempt bonds. Each person or family, in addition to qualifying under the FHA, VA or RECD requirements, must also meet certain program loan requirements and Federal Eligibility Requirements. Generally, the requirements for each person or family are as follows:

- the home is to be owner-occupied with limited business use of the property;
- the purchaser is to be a first-time home buyer except for certain targeted areas;
- the purchase price or construction cost of the home may not exceed the FHA maximum mortgage limit for the area (or \$100,000 if the FHA maximum is higher than \$100,000);
- family income may not exceed income limitations as established by the Board;
- the refinancing of an existing home loan is not permitted.

During the Fiscal Year ended June 30, 1995 the Board originated over \$73 million in mortgages, assisting 1,186 Montanans with home ownership.

RECYCLED SINGLE FAMILY MORTGAGE PROGRAM

The Board has made additional mortgage funds available through the recycling of mortgage prepayments and other funds held under prior bond issues of the Single Family Mortgage Program. The Board's goal with the recycled funds is to assist those lower income persons and families which do not have the financial capabilities to purchase a safe and sanitary home through other Single Family Programs. Applications for recycled fund set asides are submitted through the Board's "Request for Proposal" process, on a monthly basis.

CITY OF BILLINGS AFFORDABLE FIRST-TIME HOME BUYERS PROGRAM

The Board set aside \$3,000,000 in recycled mortgage funds to provide the permanent financing for first-time home buyers in the city of Billings whose incomes do not exceed 60% of the median and for one reason or another do not qualify for traditional financing without assistance. The City of Billings will provide assistance for down payment, closing cost, mortgage buy down, and minor home repairs for low income individuals who are currently unable to become homeowners. The City of Billings funds are provided through the Federal HOME Program under which the City is an entitlement community.

BUTTE-SILVER BOW TULLAMORE PROJECT

The Board set aside \$1,578,000 in recycled mortgage funds to provide the permanent financing for 24 single family homes in the Tullamore Project for low income individuals in Butte who can not qualify for a mortgage loan without assistance. The City of Butte has provided \$130,142 in cash, 8 acres of land in the Centerville area in downtown Butte for the project, and will provide \$67,200 in tax abatement to the home buyers. The City has been awarded a \$540,000 grant from the HOME Program to finance the infrastructure and provide down payment, closing cost, and mortgage buy down assistance. They have also applied for a \$120,000 grant from the Federal Home Loan Bank to provide additional assistance in order to target low and very low income individuals for the project.



CITY OF KALISPELL AFFORDABLE FIRST-TIME HOME BUYERS PROGRAM

The Board set aside \$1,638,000 in recycled mortgage funds to provide the permanent financing of 24 three and four-bedroom units in the City of Kalispell's South Woodland Avenue Project and \$1,058,000 in recycled mortgage funds to provide the permanent financing of 20 two-bedroom units in the City of Kalispell's South Meadows Project for low income first-time home buyers in the city of Kalispell. The City of Kalispell has been awarded \$800,000 from HOME and CDBG to develop the seven acre city-owned South Woodland Avenue site. The City will use a \$200,000 UDAG grant to finance the infrastructure on the South Meadows site. Additionally, the City will use a \$198,000 Federal Home Loan Bank Grant to provide down payment and closing cost assistance to the home buyers.

District IX Human Resource Council's Livingston Land Trust Project

The Board set aside \$1,447,630 in recycled mortgage funds to provide the permanent financing of 22 single family townhouses for low income residents on a lease purchase arrangement with the District IX Human Resource Council. The City of Livingston has donated 17 acres of land for the project. The District IX Human Resource Council has been awarded \$400,000 from CDBG to finance part of the infrastructure for the project. They have been awarded \$432,000 from the HOME Program for partial funding of the infrastructure and to provide down payment, closing cost, and mortgage buy down assistance. They have also been successful in obtaining a low interest construction loan from the Local Initiatives Support Corporation (LISC) for \$300,000.

Glacier Affordable Housing Foundation

The Board set aside \$3,506,700 in recycled mortgage funds to provide the permanent financing for 60 single family homes in Flathead, Glacier, Lake and Yellowstone Counties for low and very low income individuals. The Foundation has been successful in obtaining a grant from the Federal Home Loan Bank for \$610,000 and grants from the HOME program totaling \$896,517 to provide down payment, closing cost, and mortgage buy down assistance. The Foundation also received CDBG grants totaling \$400,000 to provide additional assistance to low and very low income individuals.

HUD SECTION 184 INDIAN HOUSING PROGRAM

The Board set aside \$1,000,000 in recycled mortgage funds to provide the permanent financing for single family homes located on trust land on an Indian Reservation that are guaranteed by HUD through Section 184 for Native Americans. The Board worked with local banks, Tribal representatives, Bond Counsel, State and Regional HUD officials to get special consideration and guarantees from the Secretary of HUD in Washington D.C. to enable the Board to participate in this program.

MONTANA PEOPLES ACTION AFFORDABLE HOUSING PROGRAM

The Board set aside \$150,000 in recycled mortgage funds to provide the permanent financing for Montana Peoples Action's project of relocating and renovating three single family homes in South Park Section of Billings for first-time home buyers with income between 50% and 65% of median family income. Montana Peoples Action will use funds from the HOME Program for down payments, closing costs and principal loan reductions to assist eligible households become first-time home buyers.

RONAN HOUSING AUTHORITY

The Montana Board set aside \$113,200 in recycled mortgage funds to provide the permanent financing for a four-plex to provide rental housing for seniors and handicapped individuals and a single family unit to be rented to a low income family subsidized through the Housing Authority's Tenant Based Rental Assistance Program.

WESTERN MONTANA MENTAL HEALTH CENTER PROGRAM

The Board set aside \$240,000 in recycled mortgage funds to provide the permanent financing for the Western Montana Mental Health Center to purchase two four-plex rental housing units in Missoula for individuals with severe and persistent mental illness with annual incomes of \$5,000 to \$7,000. The Board set aside \$95,000 in recycled mortgage funds to provide the permanent financing for the Western Montana Mental Health Center to purchase a duplex in Kalispell to provide rental housing for eight individuals with severe and persistent mental illness. Supportive services, including intensive case management, treatment and counseling, will be provided by the Mental Health Center.

WESTERN MONTANA MENTAL HEALTH CENTER/DISTRICT XI HUMAN RESOURCE COUNCIL PROGRAM

Western Montana Mental Health Center and District XI Human Resource Council joined forces to construct low income and special needs housing in Missoula. The Board committed \$3,001,000 in recycled mortgage funds to be used to provide the permanent financing. The Board set aside \$171,000 for nine new one bedroom units to be occupied by chronically mentally ill individuals earning less than \$7,000 annually; \$1,330,000 for 27 new one, two and three bedroom units to be sold to individuals earning between \$12,350 and \$28,000 annually; and \$1,500,000 for 18 new two, three, and four bedroom townhouse units to be rented or sold to individuals with incomes ranging from 30% to 80% of median.

DISABLED ACCESSIBLE AFFORDABLE HOME OWNERSHIP PROGRAM

The Board set aside \$5,050,000 to provide affordable architecturally accessible homes for people with permanent disabilities and mobility impairments. The Board has financed a total of 56 homes through June of 1995 with \$3,257,687 recycled mortgage funds. The average household income is \$16,826 with an average loan amount of \$58,042. Loans are distributed among twenty-one Montana Counties.

RESIDENTIAL NEW CONSTRUCTION PILOT PROGRAM FOR ENERGY EFFICIENT HOMES

The Board set aside \$3,000,000 to provide financing for the new construction of energy efficient homes which exceed FHA's maximum allowable mortgage. The maximum amount financed is \$95,000 secured with a first and second mortgage. This pilot program is a partnership between the Montana Board, the Montana Department of Natural Resources and Conservation, the homebuilding industry and various utility companies across the state. The Board financed approximately 30 loans with this program.

MISSOULA CITY-COUNTY AFFORDABLE HOME OWNERSHIP PROGRAM

The Board provided permanent financing for 28 single family homes with \$1,650,000 of recycled mortgage funds to the Missoula City-County Affordable Home Ownership Program. The Program was a result of a cooperative effort by the Missoula Housing Task Force and expertise specifically derived from local financial institutions, non-profit agencies, low income advocacy

groups and others involved with the issue of affordable housing in Missoula. The Program's main goal was to provide the chance for Home ownership to those families whose income is between 50% and 65% of median as well as those at the 80% level. The Board provided \$1,650,000 in recycled mortgage funds for permanent financing to the Program which was combined with a \$600,000 grant from the HOME Program.

NEIGHBORHOOD HOUSING SERVICES, INC. OF GREAT FALLS (NHS)

NHS, a non-profit housing provider, has been in operation since 1980 and has had a major impact in revitalizing two neighborhoods in Great Falls. The Board began work with NHS in 1986, to offer affordable home ownership opportunities to lower income individuals and families in conjunction with NHS's neighborhood revitalization.

The Board has provided \$5,322,000 in permanent mortgages to date, and has committed an additional \$2,360,000 of recycled mortgage funds, since 1986, for nine separate low income home ownership programs sponsored by NHS. As of June 30, 1995, through the excellent partnership with NHS, over 125 individuals and families have achieved affordable home ownership, **with 10 of those becoming homeowners in Fiscal Year 1995.**

HOME BUYERS CASH ASSISTANCE PROGRAM

This program, initiated in May, 1991 by the Board, is targeted to assist those credit worthy persons and families lacking the financial resources to purchase a home under any other of the Board's home ownership programs. In order to be eligible for the program, the home buyers may not have annual income in excess of \$23,000 and the home's purchase price may not exceed \$60,000. Cash assistance of up to 50% of the minimum cash required to close a loan (maximum advance of \$1,000), combined with 6.25% 30 year mortgage money is available for eligible home buyers.

Through June 30, 1995, the Board provided financing for 252 home buyers, whose average income was \$17,615, with an average permanent loan amount of \$39,249 and an average cash assistance loan of \$906. **This program assisted 80 home buyers during Fiscal Year 1995.**

SINGLE FAMILY MORTGAGE PROGRAM LOANS PURCHASED BY COUNTY

County	Number Of Loans Purchased		Dollars in Mortgages	
	Cumulative 4/1/77-FY95	FY95 Activity	Cumulative 4/1/77-FY95	FY95 Activity
Beaverhead	82	1	\$ 3,409,182	\$ 65,500
Big Horn	54	5	2,254,646	275,586
Blaine	70	2	2,565,510	95,800
Broadwater	50	2	2,087,680	96,700
Carbon	69	3	2,894,472	171,678
Carter	1	0	18,000	0
Cascade	3,204	187	148,339,038	11,240,917
Choteau	25	3	929,111	112,037
Custer	429	22	14,968,332	822,493
Daniels	2	1	57,252	26,252
Dawson	264	12	10,053,740	463,969
Deer Lodge	143	9	4,542,493	222,719
Fallon	39	0	1,517,595	0
Fergus	122	3	4,161,839	129,014
Flathead	1,634	145	84,119,260	10,223,478
Gallatin	755	25	37,896,752	1,828,047
Garfield	3	0	80,550	0
Glacier	76	3	3,241,794	183,567
Golden Valley	3	0	109,387	0
Granite	5	0	181,750	0
Hill	485	49	20,998,447	2,425,495
Jefferson	100	3	4,809,047	230,844
Judith Basin	6	1	232,639	35,339
Lake	243	19	10,255,651	1,035,118
Lewis and Clark	1,330	87	61,242,600	5,843,332
Liberty	6	0	192,800	0
Lincoln	175	9	6,926,649	449,428
McCone	17	2	673,800	79,800
Madison	45	3	1,988,312	136,344
Meagher	38	0	1,327,215	0
Mineral	67	4	2,782,686	247,333
Missoula	2,697	177	141,062,081	13,165,210
Musselshell	22	3	875,068	131,102
Park	210	11	7,828,064	658,685
Petroleum	1	0	19,550	0
Phillips	27	4	1,094,900	162,409
Pondera	92	4	3,332,817	165,511
Powder River	5	0	178,975	0
Powell	65	0	2,437,602	0
Prairie	6	2	224,560	46,950
Ravalli	235	15	10,846,983	963,071
Richland	293	17	12,016,923	707,708
Roosevelt	92	6	3,589,821	243,953
Rosebud	51	2	2,271,425	92,082
Sanders	30	2	1,243,458	112,236
Sheridan	15	4	583,245	163,280
Silver Bow	623	37	21,983,235	1,811,686
Stillwater	53	6	2,428,766	306,677
Sweetgrass	20	2	923,075	118,078
Teton	36	2	1,470,769	69,554
Toole	58	3	2,088,377	153,589
Treasure	0	0	0	0
Valley	100	1	3,831,654	43,450
Wheatland	8	0	248,997	0
Wibaux	2	0	40,000	0
Yellowstone	4,721	292	233,859,014	17,720,298
STATE TOTAL	19,020	1,186	\$889,346,528	\$73,274,319

MULTIFAMILY PROGRAMS

The Board has financed or assisted in the financing of 2,147 multifamily housing units through June 30, 1995 in the State of Montana. Assistance in the development and retention of affordable multifamily units for lower income Montanans has been accomplished through the Multifamily Bond Program and the Low Income Housing Tax Credit Program.

MULTIFAMILY BOND PROGRAM

From 1978 to 1985, the Board financed 668 multifamily housing units in the State. The Board issued multifamily bonds and notes aggregating an initial principal amount of \$24,410,000.

SUMMARY OF MULTIFAMILY BOND PROGRAMS

<u>Series and Project:</u>	<u>Location</u>	<u>Units</u>	<u>Original Principal Amount</u>	<u>Construc- tion Loan Rate</u>	<u>Permanent Mortgage Loan Rate</u>
<u>1978 Series A:</u>					
Clark Fork Manor	Missoula	<u>134</u>	\$ 4,628,000	8.0%	7.0%
<u>1979 Series A (1992 Series A):</u>					
Crestwood Inn	Sidney	72	2,188,500	9.0%	7.5%
Silver Bow Village	Butte	60	1,925,000	8.5%	7.5%
Broadview Manor	Great Falls	20	713,200	8.5%	7.5%
Oakwood Village	Havre	60	1,793,600	8.5%	7.5%
The Elmwoods	Great Falls	<u>18</u>	<u>576,900</u>	8.5%	7.5%
		<u>230</u>	<u>7,197,200</u>		
<u>1982 Series A (1992 Series A):</u>					
Grand View Place	Missoula	<u>48</u>	<u>1,695,200</u>	12.0%	12.0%
<u>Other:</u>					
Miles Building	Livingston	40	1,081,885	14.5%	NA
Cut Bank Hotel	Cut Bank	<u>20</u>	<u>525,400</u>	10.0%	11.0%
		<u>60</u>	<u>1,607,285</u>		
<u>1980 Series A Construction Loan Notes:</u>					
Cedar View	Malta	32	1,269,900	11.0%	NA
Chair III	Whitefish	16	618,400	11.0%	NA
El Dorita Village	Kalispell	36	1,092,000	11.0%	NA
Rose Park Plaza	Billings	<u>112</u>	<u>3,222,100</u>	11.0%	NA
		<u>196</u>	<u>6,202,400</u>		
		<u>668</u>	<u>\$21,330,085</u>		

PILOT PROGRAM FOR MULTIFAMILY RENTAL HOUSING

In February of 1993, the Board introduced its Pilot Program for Rental Housing by seeking proposals from governmental units, non-profits attached to governmental units and private non-profits to develop multifamily rental housing. The Program made available \$2,500,000 in construction and/or permanent financing at a 6% interest rate to provide 30 and 40 year mortgage funds for affordable rental housing for lower income Montanans.

Since its inception the Board has loans through the Multifamily Pilot Program for Rental Housing to non-profit and governmental sponsors for the following projects:

<u>Project:</u>	<u>Location</u>	<u>Units</u>	<u>Original Principal Amount</u>	<u>Permanent Mortgage Loan Rate</u>
<u>LOANS CLOSED</u>				
Minnesota	Missoula	2	\$ 41,260	6%
Strand	Missoula	2	\$ 62,872	6%
Ronan Duplex	Ronan	2	\$ 85,895	6%
Ronan 4-Plex	Ronan	4	\$ 120,435	6%
Courtyard	Kalispell	16	\$ 268,523	6%
Bozeman Interfaith	Bozeman	9	\$ 227,351	6%
<u>FIRM COMMITMENT</u>				
Holland Park	Great Falls	8	\$ 266,000	6%
Spring Garden	Billings	<u>16</u>	<u>\$ 110,000</u>	6%
		59	\$1,182,336	

On June 13, 1994 the Board received final approval from the Department of Housing and Urban Development (HUD) to participate in the Risk Sharing Program. The Risk Sharing Program works in partnership with the Department of Housing and Urban Development (HUD), whereby HUD provides mortgage loan insurance and the Board provides mortgage underwriting and loan management as well as financing, and the two entities share the risk of loss from a project default. Currently the Board has granted firm commitments on the following two projects:

<u>Project:</u>	<u>Location</u>	<u>Units</u>	<u>Principal Amount</u>
Phillips Apartments	Missoula	8	\$ 269,000
West Babcock Apartments	Bozeman	<u>24</u>	<u>\$ 947,980</u>
		32	\$1,216,980

The Board intends to finance the Program through the sale of tax-exempt multifamily bonds. The Board received 175 units of insurance authority and will be able to offer the remaining 143 units in 1996.

LOW INCOME HOUSING TAX CREDIT PROGRAM

The Low Income Housing Tax Credit, established by Congress in the Tax Reform Act of 1986, is intended to provide for the retention, rehabilitation and construction of low income rental housing. Through the tax credit, developers and owners of qualified housing receive an annual federal tax credit for 10 years, based on the number of housing units provided to low income individuals and families.

In Fiscal Year 1994-95, the Board allocated \$1,283,646 in tax credits to assist in the development of sixteen projects containing 366 low income housing units with total projected development costs of \$20,972,872. Since the inception of the program in November, 1987, the tax credit has been utilized in the rehabilitation and production of 1,396 low income housing units in fifty-nine separate projects with total construction costs of \$67,417,208.

So far during 1995-96 the Board has approved three projects for future allocation. The projects contain 228 units and \$928,118 in tax credits. Projected development costs are \$13,978,296.

Low Income Housing Tax Credit Program Allocations by City 1987 through June 30, 1995

City	Number of Developments	Number of LIHTC Units	LIHTC Allocated	Total Development Costs*
Belgrade	1	32	\$ 133,950	\$ 1,606,868
Big Timber	1	24	36,186	1,149,013
Big Fork	1	32	46,963	1,488,538
Billings	8	333	1,293,602	15,188,885
Bozeman	2	52	203,917	2,566,267
Columbia Falls	1	12	17,216	609,960
Cut Bank	1	19	31,659	1,034,474
Deer Lodge	1	24	24,222	698,472
Forsyth	2	36	54,228	1,724,391
Fort Benton	1	10	13,938	355,562
Glasgow	1	6	9,780	298,101
Great Falls	3	106	473,648	4,606,820
Hardin	1	16	32,694	736,503
Havre	7	30	35,070	873,588
Helena	1	36	202,000	2,179,535
Joliet	1	1	1,409	35,313
Kalispell	5	173	676,068	8,781,498
Laurel	1	8	9,016	273,198
Livingston	1	24	32,644	937,516
Medicine Lake	1	4	3,595	78,576
Missoula	10	216	909,746	11,068,177
Plains	1	9	11,600	310,923
Polson	2	82	141,854	3,374,116
Scobey	1	11	13,980	612,000
Shelby	1	12	16,960	487,300
Stevensville	1	30	37,178	1,044,900
Whitefish	1	40	82,227	1,972,480
Winnett	1	6	9,626	269,478
Total	59	1,396	\$4,580,939	\$67,417,208

* Inclusive of estimated costs for developments not yet completed.

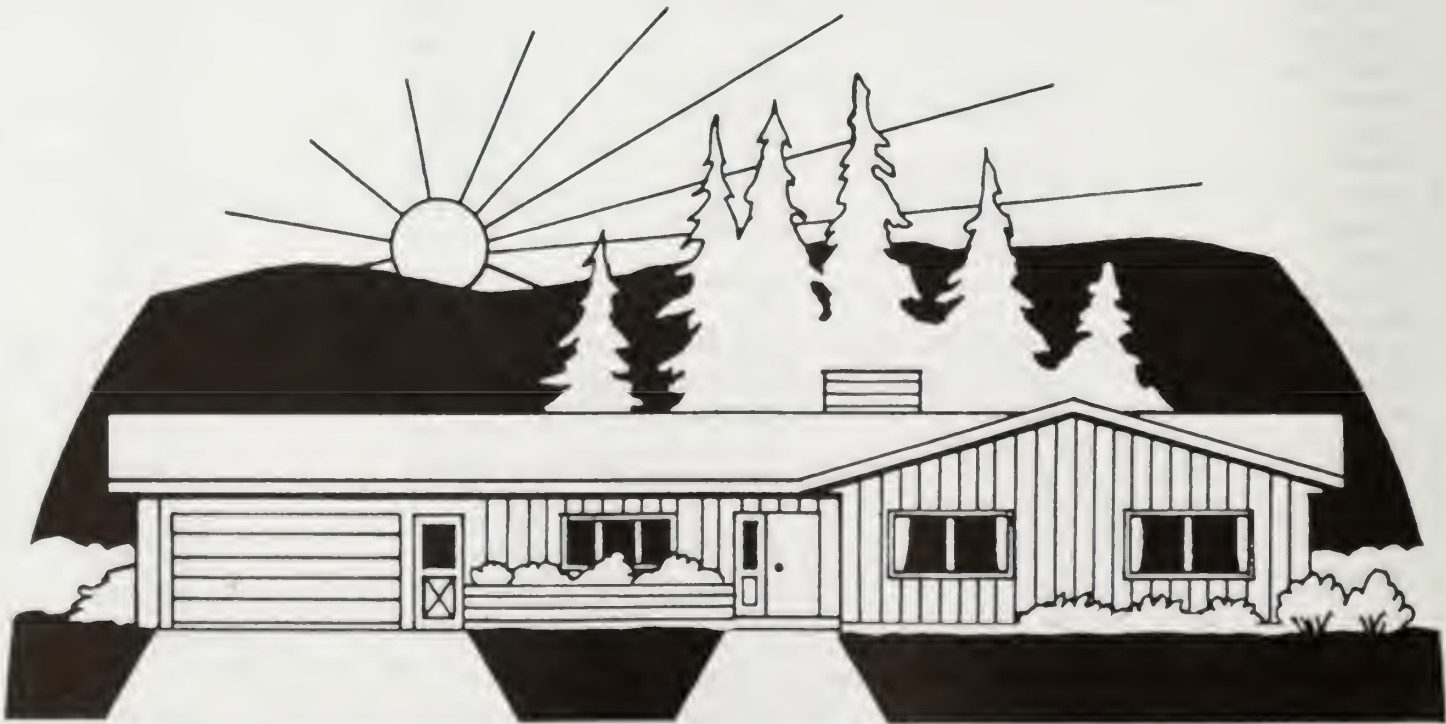
REVERSE ANNUITY MORTGAGE LOAN PROGRAM

Many senior citizens in Montana own their own homes, and have little or no remaining debt on the home. Many of these homeowners are persons of lower income who would benefit from an additional income source from use of equity in their homes. Reverse Annuity Mortgage (RAM) loans enable senior homeowners to provide more substantially for their own in-home support and specialized care.

The Board currently has \$741,392 available to make loans at a five percent (5%) interest rate. The proceeds will be advanced monthly to the homeowner over a ten year term. Lump-sum advances up to \$3,300 will be available at loan closing.

The RAM program is available to senior citizens meeting the following general eligibility requirements:

- Age Requirements:** All borrowers to be 68 years of age or older.
- Income Limit:** The income limits are based on 200 percent of the poverty level and currently the Borrower's Annual Family Income must not exceed the following:
- 1 person household \$14,940
 - 2 person household 20,060
 - 3 person household and up 25,180
- Property Eligibility:** The borrowers must be the owner and occupant of a single-family dwelling that is unencumbered by any prior mortgage. The single-family dwelling must meet minimum FHA property standards as determined by an FHA appraisal.
- Loan Amount:** The loan amounts may range from a minimum of \$15,000 to a maximum of \$50,000. The maximum loan amount would be determined based on 80% of the FHA determined property value.
- Counseling:** Potential borrowers must complete a reverse annuity mortgage counseling program provided through the Montana Aging Services Network.



The following statistics for the twenty three loans closed and seven loans prepaid since program inception are indicative of the senior homeowners intended to be assisted with the program:

<u>Community</u>	<u>House- hold Size</u>	<u>Borrower Age</u>	<u>Borrower Annual Income</u>	<u>Loan Amount</u>
Alberton	1	77	\$ 9,232	\$40,000
Billings	2	85 & 86	10,626	40,000
Billings	2	79 & 78	10,436	40,000
Billings	1	76	5,312	47,200
Big Timber	1	73	9,288	50,000
Butte	1	75	7,104	25,200
Butte	2	75 & 80	11,842	28,000
Dillon	2	78 & 78	7,620	40,000
Great Falls	2	73 & 70	10,161	40,000
Great Falls	1	79	11,476	37,600
Hamilton	1	70	9,370	40,000
Havre	1	77	8,284	32,000
Kalispell	2	84 & 81	9,996	33,000
Kalispell	1	74	9,785	50,000
Malta	1	70	5,280	16,800
Missoula	1	79	5,652	36,800
Missoula	1	70	9,326	40,000
Missoula	1	84	6,960	28,000
Polson	1	81	7,696	40,000
Ryegate	1	87	8,034	44,000
Shelby	1	75	9,330	50,000
Somers	1	71	5,314	25,000
Townsend	1	85	10,229	32,000
Average Borrower Age: 77.5 Years				
Average Borrower Annual Income: \$ 6,840				
Average Loan Amount: \$37,200				

APPENDIX A

MONTANA BOARD OF HOUSING

FINANCIAL REPORT

JUNE, 30 1995

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MONTANA BOARD OF HOUSING

BOARD MEMBERS AND ADMINISTRATIVE OFFICIALS

JUNE 30, 1995

BOARD MEMBER

RESIDENCE

Bob Thomas, Chairman

Stevensville

Robert Savage, Vice-Chairman

Sidney

Paul Bankhead, Secretary

Heron

William Oser

Billings

Waneeta Farris

Forsyth

Michael McKee

Hamilton

Barbara Hamlin

Helena

ADMINISTRATIVE OFFICIALS

Maureen Rude, Administrator

Kelly Rusoff, Accounting & Finance Officer

Robert Morgan, Administrative Officer

Bruce Brensdal, Administrative Officer

MONTANA BOARD OF HOUSING
CURRENT STATUS OF PRIOR YEAR RECOMMENDATIONS
June 30, 1995 and 1994

There were no prior year audit recommendations to report on.

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MARY BRYSON
Operations and EDP Audit

JAMES GILLETT
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

LEGISLATIVE AUDITOR:
SCOTT A. SEACAT

LEGAL COUNSEL:
JOHN W. NORTHEY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Montana Board of Housing
Helena, Montana

We have audited the accompanying financial statements of the Montana Board of Housing, a component unit of the state of Montana, as of June 30, 1995 and for the year then ended, as shown on pages 2 through 23 of Appendix A. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Montana Board of Housing as of June 30, 1995, and the results of its operation and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The single family combining statements, shown on pages 24 through 29 of Appendix A, are presented for purposes of additional analysis and are not a required part of the financial statements of the Montana Board of Housing. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The other data included in this report were not audited by us, and accordingly, we express no opinion on such data.

Respectively submitted,

A handwritten signature in cursive script, appearing to read "James Gillett".

James Gillett, CPA
Deputy Legislative Auditor

September 22, 1995

MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
COMBINING BALANCE SHEET
June 30, 1995 and 1994

	Single Family Mortgage Program funds	Mutifamily Mortgage Program Funds	Housing Trust Fund	Combined Totals	
				1995	1994
ASSETS					
Cash and cash equivalents (Note 2) \$	1,685,482	\$ 99,200	\$ 1,327,626	\$ 3,112,308	\$ 2,583,919
Investments (Note 3)	149,466,396	5,076,035	-	154,542,431	217,080,622
(Market Value - \$163,850,713)					
Mortgage Loans receivable (Note 4)	328,081,111	13,127,764	290,873	341,499,748	303,458,132
Interest receivable	4,466,354	150,230	41,542	4,658,126	4,469,490
Deferred bond issuance costs, net	5,292,757	216,921	-	5,509,678	5,922,992
Fixed assets (Note 7)	75,327	4,477	2,581	82,385	57,484
Prepaid expense	27,449	1,513	548	29,510	2,630
Accounts Receivable	1,051		1,439	2,490	-
Total Assets	\$489,095,927	\$ 18,676,140	\$ 1,664,609	\$ 509,436,676	\$ 533,575,269
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 254,615	\$ 3,988	\$ 2,085	\$ 260,688	\$ 264,344
Cost of issuance payable	52,115	-	-	52,115	75,367
Accrued interest-bonds payable	4,770,895	355,116	-	5,126,011	5,806,949
Due to Primary Government					54,297
Bonds payable, net (Note 8)	410,603,570	13,823,729	-	424,427,299	452,484,745
Less: Deferred Refunding					
Costs (Note 15)	(496,280)	-	-	(496,280)	-
Arbitrage tax payable to U.S.					
Treasury Department (Note 12)	125,280	-	-	125,280	234,689
Accrued compensated absences	24,871	1,978	1,413	28,262	44,423
Total Liabilities	415,335,066	14,184,811	3,498	429,523,375	458,964,814
Commitments (Note 10)	-	-	-	-	-
Retained Earnings:					
Reserved Retained Earnings-Pledged to					
Bondholders (Note 1 & 10):					
Single Family Programs	58,741,096	-	439,597	59,180,693	58,759,026
Various Recycled Mortgage					
Programs	15,019,765	-	-	15,019,765	10,642,609
Multifamily Programs	-	2,648,428	-	2,648,428	1,957,413
Multifamily Project Commitments	-	1,842,901	-	1,842,901	2,138,840
Reverse Annuity Mortgage Program	-	-	1,128,514	1,128,514	662,567
Cash Assistance Program	-	-	93,000	93,000	50,000
Infrastructure Financing for					
Affordable Housing Program					400,000
Total Retained Earnings	73,760,861	4,491,329	1,661,111	79,913,301	74,610,455
Total Liabilities and					
Retained Earnings	\$ 489,095,927	\$ 18,676,140	\$ 1,664,609	\$ 509,436,676	\$ 533,575,269

See accompanying notes to financial statements.

MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
For the years ended June 30, 1995 and 1994

	Single Family Mortgage Program funds	Mutifamily Mortgage Program Funds	Housing Trust Fund	<u>Combined Totals</u>	
				1995	1994
REVENUES:					
Interest income-mortgage loans	\$ 25,323,668	\$ 1,018,655	\$ 17,083	\$ 26,359,406	\$ 29,123,777
Interest income-investments	11,076,075	298,105	65,086	11,439,266	11,694,522
Fee income	14,518	3,042	63,684	81,244	35,302
Gain (Loss) on sale of investments	1,083,208	(7)	-	1,083,201	7,221,589
Other income	230	7,579	-	7,809	7,555
Total revenues	<u>\$ 37,497,699</u>	<u>\$ 1,327,374</u>	<u>\$ 145,853</u>	<u>\$ 38,970,926</u>	<u>\$ 48,082,745</u>
EXPENSES:					
Interest on bonds	\$ 29,522,305	\$ 854,535	\$ -	\$ 30,376,840	\$ 36,444,289
Servicer fees	1,173,156	16,267	-	1,189,423	1,216,304
Amortization of bond issuance costs	560,534	11,027	-	571,561	459,441
General and administrative	888,220	50,469	27,697	966,386	1,060,572
Arbitrage rebate tax (Note 12)	77,491	-	-	77,491	87,061
Loss on redemption (Note 9)	485,504	-	-	485,504	1,308,464
Total Expenses	<u>32,707,210</u>	<u>932,298</u>	<u>27,697</u>	<u>33,667,205</u>	<u>40,576,131</u>
Operating Income	4,790,489	395,076	118,156	5,303,721	7,506,614
Nonoperating expenses					
Loss on disposal of fixed assets	(875)	-	-	(875)	-
Net income (loss) before extraordinary loss	4,789,614	395,076	118,156	5,302,846	7,506,614
Extraordinary loss on bond Redemption (Note 13)	-	-	-	-	(700,644)
Net income (loss)	4,789,614	395,076	118,156	5,302,846	6,805,970
Retained Earnings, beginning of year:					
Reserved Retained Earnings-Pledged to Bondholders	68,971,247	4,096,253	1,542,955	74,610,455	67,804,485
Retained Earnings, end of year:					
Reserved Retained Earnings-Pledged to bondholders	<u>\$ 73,760,861</u>	<u>\$ 4,491,329</u>	<u>\$ 1,661,111</u>	<u>\$ 79,913,301</u>	<u>\$ 74,610,455</u>

See accompanying notes to financial statements.

MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS
For the years ended June 30, 1995 and 1994

	Single Family Mortgage Program funds	Mutifamily Mortgage Program Funds	Housing Trust Fund	Combined Totals	
				1995	1994
CASH FLOWS FROM OPERATING ACTIVITY					
Receipts for Sales and Services	\$ -	\$ -	\$ 63,684	\$ 63,684	\$ 35,302
Collections on Loans					
And Interest on Loans	68,919,194	1,172,149	36,035	70,127,378	128,852,452
Cash payments for Loans	(81,452,839)	(585,792)	(125,208)	(82,163,839)	(17,862,118)
Payments to Suppliers					
for Goods and Services	(1,833,977)	(36,692)	(8,142)	(1,878,811)	(2,083,903)
Payments to employees	(344,242)	(30,976)	(17,699)	(392,917)	(316,450)
Other Operating Revenues	<u>1,371,747</u>	<u>10,614</u>	<u>-</u>	<u>1,382,361</u>	<u>7,555</u>
Net Cash Provided (Used) for					
Operating Activities	<u>(13,340,117)</u>	<u>529,303</u>	<u>(51,330)</u>	<u>(12,862,144)</u>	<u>108,632,838</u>
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES:					
Payment of Principal and					
Interest on Bonds and Notes	(111,647,409)	(1,068,407)	-	(112,715,816)	(155,570,545)
Proceeds from Issuance					
of Bonds and Notes	53,580,000	-	-	53,580,000	66,540,000
Payment of Bond Issuance Costs	(798,746)	-	-	(798,746)	(905,392)
Premium Paid on Refunding Bonds	(857,875)	-	-	(857,875)	-
Deferred Gain on Refunding Bonds	<u>513,930</u>	<u>-</u>	<u>-</u>	<u>513,930</u>	<u>-</u>
Net Cash Provided (Used for)					
Noncapital Financing Activities	<u>(59,210,100)</u>	<u>(1,068,407)</u>	<u>-</u>	<u>(60,278,507)</u>	<u>(89,935,937)</u>
CASH FLOWS FROM CAPITAL AND RELATED					
FINANCING ACTIVITIES:					
Acquisition of Fixed Assets	<u>(45,337)</u>	<u>(5,077)</u>	<u>(2,926)</u>	<u>(53,340)</u>	<u>(58,185)</u>
Net Cash Used for Capital and					
Related Financing Activities	<u>(45,337)</u>	<u>(5,077)</u>	<u>(2,926)</u>	<u>(53,340)</u>	<u>(58,185)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of Investments	(976,276,352)	(16,912,969)	-	(993,189,321)	(1,564,530,581)
Proceeds from Sales or					
Maturities of Investments	1,038,935,079	16,778,857	-	1,055,713,936	1,535,065,810
Interest on Investments	11,014,580	306,683	63,402	11,384,665	11,533,547
Arbitrage Rebate Tax	(186,900)	-	-	(186,900)	-
Net Cash Provided by (Used for)					
Investing Activities	<u>73,486,407</u>	<u>172,571</u>	<u>63,402</u>	<u>73,722,380</u>	<u>(17,931,224)</u>
Net Increase (Decrease) in Cash					
And Cash Equivalents	890,853	(371,610)	9,146	528,389	707,492
Cash and Cash Equivalents, July 1	<u>794,629</u>	<u>470,810</u>	<u>1,318,480</u>	<u>2,583,919</u>	<u>1,876,427</u>
Cash and Cash Equivalents, June 30	<u>1,685,482</u>	<u>99,200</u>	<u>1,327,626</u>	<u>3,112,308</u>	<u>2,583,919</u>

See accompanying notes to financial statements.

MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
COMBINING STATEMENT OF CASH FLOWS
For the years ended June 30, 1995 and 1994

	Single Family Mortgage Program funds	Multifamily Mortgage Program Funds	Housing Trust Fund	<u>Combined Totals</u>	
				1995	1994
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating Income (loss)	\$ 4,790,489	\$ 395,076	\$ 118,156	\$ 5,303,721	7,506,614
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:					
Depreciation	26,619	600	346	27,565	22,956
Amortization	1,046,039	11,026	-	1,057,065	-
Interest Expense	29,522,306	854,534	-	30,376,840	38,212,194
Interest on Investments	(11,076,075)	(298,105)	(65,086)	(11,439,266)	(18,916,111)
Arbitrage Rebate Tax	186,900	-	-	186,900	87,061
Bad Debt Allowance	(40,000)	-	-	(40,000)	-
Change in Assets and Liabilities:					
Decr (Incr) in accounts receivable	(106,632)	(1,953)	(14,365)	(122,950)	766,804
Decr (Incr) in Long-term Loans Receivable	(37,469,680)	(430,014)	(93,331)	(37,993,025)	80,759,793
Decr (Incr) in other assets	(24,822)	(1,510)	(548)	(26,880)	224,629
Incr (Decr) in Accounts Payable	(6,324)	583	2,085	(3,656)	125,418
Incr (Decr) in Due to Other Funds	-	-	-	-	(216,595)
Incr (Decr) in Due to Primary Government	(54,297)	-	-	(54,297)	54,297
Incr (Decr) in Deferred Revenue	(8,261)	(330)	-	(8,591)	-
Incr (Decr) in Compensates Absences Payable	(16,970)	(604)	1,413	(16,161)	5,778
Incr (Decr) in Arbitrage Rebate Tax Payable	(109,409)	-	-	(109,409)	-
Net Cash Provided by (Used for) Operating Activities	<u>(13,340,117)</u>	<u>529,303</u>	<u>(51,330)</u>	<u>(12,862,144)</u>	<u>108,632,838</u>

See accompanying notes to financial statements.

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1995 and 1994

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Montana Board of Housing (the Board) is a quasi-judicial board created in 1975, by the Legislative Assembly of the State of Montana to facilitate the availability of decent, safe, and sanitary housing to persons and families of lower income as determined in accordance with the Board policy in compliance with the Internal Revenue Code. The Board is authorized to issue negotiable notes and bonds to fulfill its purposes. The total amount of notes and bonds outstanding at any time may not exceed \$975,000,000. The discount price of bonds sold, not the face amount of the bonds, counts against this statutory ceiling. Neither the faith and credit nor taxing power of the State of Montana may be pledged for payment of amounts so issued. The Board of Housing is attached to the Department of Commerce.

Basis of Presentation:

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles whereby revenues are recognized when earned and expenses are recognized when incurred. The financial activities of the Board are recorded in funds established under various bond resolutions. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period.

Reporting Entity:

In accordance with governmental accounting and financial reporting standards, there are no component units to be included within the Board of Housing as a reporting agency. The Board of Housing is includable as a component unit within the State of Montana financial statements. The State of Montana directs and supervises budgeting, record keeping, reporting, and related administrative functions of the Board.

Fund Accounting:

To ensure observance of limitations and restrictions placed on the use of resources by the trust indentures, the Board of Housing accounts are organized in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purpose as described in the trust indentures. The operations of each fund are accounted for by providing a separate set of self balancing accounts which are comprised of each fund's assets, liabilities, fund balances, revenues, and expenses. The Board is classified as a enterprise fund, that is, a fund that is financed and operated in a manner similar to private business enterprises, where the intent of the Board is that the expenses of meeting its organizational purpose be financed or recovered primarily through user charges and investment earnings, and the periodic determination of revenue earned and expenses incurred is appropriate for capital maintenance, public policy, management control, accountability, and other purposes. Reserved Retained earnings (pledged to bondholders) represent bond program funds that are required to be used for program purposes as prescribed by individual bond indentures. The following describes the restrictions on the Reserved Retained Earnings: The individual bond indentures establish certain funds and accounts as special trust funds to hold the individual indenture funds. Due to the general obligation nature of the Board's bonds, these funds and accounts are pledged as collateral for the bonds under the individual program indentured. The individual indentures also set certain reserve requirements on cash and investments. These reserves are disclosed in Note 3 to the financial statements. Also, as disclosed in Note 4 to the financial statements, the mortgage loans receivable are pledged as security for holders of the bonds. Certain indentures also require asset-liability coverage ratios be met as well as cash flow certificates be furnished for any significant change anticipated in the financial structure of an indenture.

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting - continued

Reserved retained earnings also include reserved and committed funds for various programs established by the Board.

Fund Structure:

Single Family Mortgage Program Funds - these funds, established under ten separate trust indentures adopted on various dates, are established for accounting for the proceeds from the sale of Single Family Mortgage Bonds and the debt service requirements of the bond indebtedness. Activities of these funds are, in general, restricted to the purchase of eligible single family mortgage loans. The mortgage loans must be insured by the Federal Housing Administration or guaranteed by Veterans Administration or Rural Housing and Community Development Services (RHCDs).

The accompanying combining financial statements present the Single Family Mortgage Program Funds in one column. The assets of each individual Single Family Mortgage Program Fund are restricted by the Fund's respective trust indenture; therefore, the total does not indicate that the Single Family Mortgage Program Funds' assets are available in any manner other than provided for in the individual trust indentures. The Board has reserved funds for specific loan programs. These loans will be originated from funds available in the Single Family I and II Indenture.

Multifamily Mortgage Program Funds - These funds, established under a trust indenture adopted February 23, 1978, as amended and restated as of December 29, 1992, are established for accounting for the proceeds from the sale of Multifamily Mortgage Bonds, the debt service requirements of the bond indebtedness, and for construction and permanent mortgage loans on multifamily developments being financed from the bond proceeds. Mortgage loans originated prior to December 1992, must be insured by the Federal Housing Administration.

Housing Trust Fund - the Housing Trust Fund was established as a separate trust fund by a resolution of the Montana Board of Housing, adopted February 16, 1989. The Housing Trust Fund was created to finance in whole or in part future housing needs and the establishment of new programs as deemed necessary by the Board and any loans or projects that will provide housing for lower income persons and families with special housing needs. Current programs include, but are not limited to, the Reverse Annuity Mortgage Program (RAM) for senior Montana homeowners, the Home Buyers Cash Assistance Program (CAP) to assist lower income individuals and families in the purchase of a single family home and, in 1994, the Infrastructure Financing for Affordable Housing Program. The Housing Trust Fund also includes all activity from the Low Income Housing Tax Credit Program.

Cash and Cash Equivalents:

For the purposes of the combining statement of cash flows, cash and cash equivalents consist of cash held by the State of Montana Treasurer, cash held by trustees, and cash invested in the state's short term investment pool.

Investments:

The Board's bond trust indentures restrict investment obligations to any of the following, which are legal investments for fiduciaries under the laws of the State of Montana:

U.S. treasury obligations, U.S. agency obligations, direct obligations of the State or any political subdivision of the State rated in either of its two highest rating categories by a nationally recognized bond

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investments - continued:

rating agency, public bonds and notes fully secured as to payment of principal and interest by a payment agreement with the United States of America, repurchase agreements with the U.S. treasury or U.S. agency obligations as the underlying securities, and certificates of deposit with the Federal Reserve System member banks or any Federal Savings and Loan Insurance Corporation member savings and loan association with the U.S. Treasury or U.S. agency obligations as collateral to the extent not insured.

Investments, which are generally intended to be held to maturity, are reported at the lower of cost or market. Investment premiums or discounts of \$1,000 or more are amortized using the straight-line method over the life of the investment. Short-term discount investments are reported at cost.

Mortgage Loans Receivable:

Mortgage loans receivable are carried at their uncollected principal balances, adjusted for unamortized mortgage discounts and deferred loan fees, less an allowance for loan losses. Mortgage discounts and loan fees earned after 1988 are amortized using the interest method over the life of the mortgage loans and are accreted to interest income on mortgages. Mortgage discounts for all other program funds are amortized using the straight-line method over the remaining life of the mortgage loans and accreted to interest income.

The Board purchases mortgage loans secured by residences located throughout the State of Montana. Loans must be insured by the FHA (Federal Housing Administration) or guaranteed by the VA (Veterans Administration) or RHCDS (Rural Housing and Community Development Services). Guidelines to minimize credit risk are established by FHA, VA, RECDS and Board policies.

Interest receivable is accrued on the amount of outstanding mortgage loan principal only if deemed collectible. Accrual on non-performing loans ceases at six months.

Estimated losses are determined based on management's judgement, giving effect to numerous factors including, but not necessarily limited to, general economic conditions, loan portfolio composition, prior loss experience and independent appraisals. The reserve for anticipated loan losses represents amounts which are not expected to be fully reimbursed by certain guarantors.

The Board incurs mortgage loan service fees with participating loan servicers based on outstanding monthly mortgage loan principal balances. The service fees are paid only when the mortgagee's full monthly payment is collected.

Fixed Assets:

Fixed assets are recorded at cost and depreciation is computed using the straight-line method over estimated useful lives of 3 to 10 years. The majority of fixed assets consists of computers and software.

Bonds Payable:

Bonds payable is adjusted for amortized bond premiums and discounts. Bond premiums and discounts are amortized or accreted to interest expenses using the interest method, as an adjustment to yield, over the life of the bonds to which they relate or are expensed upon early redemption of the bonds.

Bond issuance costs, including underwriter discounts, are amortized using the bonds outstanding method over the life of the bonds or are expensed upon early redemption of the bonds.

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Compensated Absences:

The Boards' employees earn vacation leave ranging from 15 to 24 days per year depending on the employee's years of service. Vacation leave may be accumulated to a total not to exceed two times the maximum number of days earned annually. Sick leave is earned at the rate of 12 days per year with no limit on accumulation. Upon retirement or termination, an employee is paid for 100% of unused vacation leave and 25% of unused sick leave.

Fiscal Year 1994 Presentation:

The numbers presented in the total column of the 1994 Balance Sheet, Statement of Revenues, Expenses and Changes in Fund Balance and Statement of Cash Flows are from the State of Montana's Comprehensive Annual Financial Report for fiscal year 1994.

NOTE 2. CASH AND CASH EQUIVALENTS

As disclosed in note 3, the Board's investments are categorized to give an indication of the level of risk assumed by the Board. These same risk categories are used below for cash and cash equivalents. All cash held by trustees and cash balances maintained by the State of Montana Treasury and held in the state's short term investment pool were covered by federal depository insurance or collateralized by securities held by third parties in the Board's name. At June 30, 1995 and 1994, the carrying amounts of the Board's cash and cash equivalents equaled the bank balances.

Fund	Category			Totals	
	1*	2	3	1995	1994
Program Funds	\$ 2,987,669	\$ -	\$ -	\$ 2,987,669	\$ 2,574,204
Deposited with State Treasury	124,639	-	-	124,639	9,715
	<u>\$ 3,112,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,112,308</u>	<u>\$ 2,583,919</u>

- * Cash deposits are held at the trustee bank. Based on the opinion of the Boards' bond counsel, these funds are insured by the FDIC on a pass-through basis to the owners of mortgage bonds. Thus, each individual bondholder is entitled to \$100,000 of insurance coverage.

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 3. INVESTMENTS

The Board's investments are categorized below to give an indication of the level of risk assumed by the Board. Category 1 includes investments which are insured, registered, or held by the Board or its agent in the Board's name. Category 2 includes uninsured and unregistered investments that are held by the counter party's trust department or agent in the Board's name. Category 3 includes uninsured and unregistered investments that are held by the Counterpart, or by its trust department or agent but not in the Board's name. The Board's investments at June 30, 1995 and 1994, consisted of Category 2 investments:

	1995		1994	
	Carrying Amount	Market Value	Carrying Amount	Market Value
U.S. Treasury	\$ 51,995,184	\$ 57,369,004	\$ 53,356,508	\$ 56,131,140
U.S. Agency	62,775,108	64,087,183	136,348,109	136,475,102
Repurchase agreements - collateralized	39,772,139	42,394,526	27,376,005	28,660,045
Total	<u>\$ 154,542,431</u>	<u>\$ 163,850,713</u>	<u>\$ 217,080,622</u>	<u>\$ 221,266,287</u>

All repurchase agreements were fully collateralized with securities and cash held by the provider and confirmed by the trustee as required by the bond indentures.

Portions of cash and investments are restricted to uses specified by applicable bond indentures and the HUD risk sharing agreement. Amounts are restricted as follows:

	1995		1994	
	Single family Mortgage Program Funds	Multifamily Mortgage Program Funds	Single family Mortgage Program Funds	Multifamily Mortgage Program
<u>Funds</u>				
Debt service reserve	\$ 54,225,319	\$ 845,804	\$ 69,158,529	\$ 845,889
Mortgage reserve	3,932,983	256,813	3,775,060	251,966
HUD risk sharing	-	522,294	-	504,732
Total	<u>\$ 58,158,302</u>	<u>\$ 1,624,911</u>	<u>\$ 72,933,589</u>	<u>\$ 1,602,587</u>

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 4. MORTGAGE LOANS RECEIVABLE

The mortgage loans receivable are pledged in accordance with individual program indentures as security for holders of the bonds. Mortgage loans receivable consist of the following:

	<u>1995</u>	<u>1994</u>
Mortgage loan receivables:		
Single Family Program	\$ 332,681,867	\$ 295,212,186
Multifamily program	13,206,478	12,776,465
Housing Trust Program	<u>290,873</u>	<u>197,543</u>
	346,179,218	308,186,194
Net mortgage discounts and deferred reservation fees	(4,629,470)	(4,638,062)
Allowance for loan losses and real estate owned	(50,000)	(90,000)
	<u>\$ 341,499,748</u>	<u>\$ 303,458,132</u>

NOTE 5. ALLOWANCE FOR LOAN LOSSES AND REAL ESTATE OWNED

The following summarizes activity in the allowance for loan losses and real estate owned:

Balance, June 30, 1993	\$ 90,000
Provision	-
Less: Net loans charged off	-
Balance, June 30, 1994	90,000
Provision	(26,471)
Less: Net loans charged off	(13,529)
Balance, June 30, 1995	<u>\$ 50,000</u>

The allowance for loan losses includes \$30,000 at June 30, 1995 and \$40,000 at June 30, 1994, for future estimated losses on real estate owned. Real estate owned property is property that is acquired through foreclosure or in satisfaction of loans and is initially recorded at the lower of the related loan balance, less any specific allowance for loss, or fair market value minus estimated costs to sell. The Board had no real estate owned property during 1995 or 1994.

NOTE 6. MULTIFAMILY ESCROW AND RESERVE DEPOSITS HELD IN TRUST

For the years ended June 30, 1995 and 1994, escrow and reserve deposits for certain Multifamily mortgages were held in trust for the mortgagor for insurance, real estate taxes and a reserve for replacement under the terms of certain Regulatory Agreements between the Board and the mortgagors. The escrows amounted to \$306,974 and \$248,814 at June 30, 1995 and 1994, respectively. The escrows are invested with the earnings credited to the mortgagor of the project, not the Board. The escrow and related liabilities are not reflected in the accompanying combining balance sheet.

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 7. FIXED ASSETS

Fixed assets consist primarily of computer hardware, peripherals, software and other office equipment. Balances are as follows:

	<u>1995</u>	<u>1994</u>
Furniture, fixtures, and equipment at cost	\$ 231,638	\$ 223,305
Accumulated depreciation	<u>(149,253)</u>	<u>(165,821)</u>
Net fixed assets	<u>\$ 82,385</u>	<u>57,484</u>

Depreciation expense included in general and administrative expense was \$27,565 and \$22,958 for the years ended June 30, 1995 and 1994, respectively.

NOTE 8. BONDS PAYABLE, NET

Bonds payable, net, consists of the following:

	<u>Original Amount</u>	<u>1995</u>	<u>1994</u>
Single Family I Mortgage Bonds:			
1977 -			
Series A, 4.5% to 8% interest, maturing in Scheduled annual installments to October 1, 2008.	\$ 21,470,000	\$ 9,830,000	\$ 10,660,000
Series B, 4.15% to 8% interest, maturing in Scheduled annual installments to October 1, 2008.	35,060,000	16,490,000	17,780,000
1978 -			
Series A, 6% to 6.5% interest, maturing in scheduled annual installments to October 1, 2009.	13,600,000	6,650,000	7,090,000
1987 -			
Series A, 5.3% to 8.625% interest, maturing in scheduled annual installments to April 1, 2000 and on April 1, 2018.	20,000,000	8,560,000	10,445,000
Series B-1 and B-2, serial and term bonds, 6.25% to 9% interest, maturing in scheduled annual installments to April 1, 2019.	20,000,000	6,865,000	9,390,000

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 8. BONDS PAYABLE, NET - continued

	<u>Original Amount</u>	<u>1995</u>	<u>1994</u>
1988 -			
Series A-1 and A-2 serial, term and Postponed Revenue on Future Income Tax-Exempt Securities (PROFITS), 5.4% to 8.5% interest, maturing in scheduled annual installments to April 1, 2003 and on April 1, 2019.	\$ 19,998,793	<u>\$ 10,697,741</u>	<u>\$ 12,756,178</u>
Total Bonds outstanding		59,092,741	68,121,178
Unamortized bond discount		<u>(19,162)</u>	<u>(27,768)</u>
Total bonds payable, net		<u>59,073,579</u>	<u>68,093,410</u>
Single Family II Mortgage Bonds:			
1979 -			
Series A, 5.1% to 6.6% interest, maturing in scheduled annual installments to June 1, 1996 and on June 1, 2011	100,000,000	40,660,000	46,340,000
1983 -			
Series B, 8% to 9.625% interest, refunded August 1, 1994.	55,000,000	-	16,875,000
Series C, serial, term and Capital Appreciation Bonds (CAB), 5.75% to 10.7% interest. Serial and term bonds, refunded April 15, 1994. CABs are reported at accreted value, and are scheduled for redemption, in part, in semi-annual installments commencing June 1, 2003 to June 1, 2010.	114,998,229	19,737,704	20,869,236
1984 -			
Series A, serial, term and CABs, 7.0% to 10.375% interest. Serial and term bonds refunded August 1, 1994. CABs are reported at accreted value, and are scheduled for redemption, in part, in annual installments commencing June 1, 2005 to June 1, 2010.	75,002,290	6,783,154	22,632,607

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 8. BONDS PAYABLE, NET - continued

	<u>Original Amount</u>	<u>1995</u>	<u>1994</u>
1985 -			
Series A, serial, term, CAB and Postponed Revenue on Future Income Tax - Exempt Securities (PROFITS), CABs are reported at accreted value, and scheduled for redemption, in part, in semi-annual installments commencing June 1, 1999 to December 1, 2004 and December 1, 2015 to June 1, 2016; PROFITS are reported at accreted value, and begin to pay interest semi-annually, scheduled for redemption, in part, in semi-annual installments commencing December 1, 2010 to June 1, 2013.	\$ 39,999,625	\$ 11,714,133	\$ 12,242,750
1985 -			
Series B, term bonds maturing in scheduled semi-annual installments commencing June 1, 2006 to June 1, 2011. (Partially refunded, See Note 15)	74,996,862	5,420,000	12,515,000
1992 -			
Series RA, serial and term, 5.65% to 6.5% interest, serial and term bonds maturing in scheduled semi-annual installments commencing June 1, 2003 to December 1, 2007, and on December 1, 2012, December 1, 2022, and December 1, 2032.	22,520,000	22,520,000	22,520,000
1994 -			
Series A-1 and A-2, serial and term bonds, 3.1% to 6.1% interest, serial and term bonds maturing in scheduled semi-annual installments to December 1, 2002, and on June 1, 2015 and December 1, 2024.	25,725,000	23,795,000	25,725,000
Series B-1 and B-2, serial and term bonds, 3.8% to 6.9% interest, serial and term bonds maturing in scheduled semi-annual installments to December 1, 2002, and on June 1, 2008, December 1, 2014 and June 1, 2025.	40,815,000	37,455,000	40,815,000
Series C-1 and C-2, serial and term bonds 4.5% to 6.8% interest, serial and term bonds maturing in scheduled semi-annual installments commencing December 1, 1996 to December 1, 2008 and on December 1, 2016, June 1, 2020, and December 1, 2026.	20,000,000	20,000,000	-

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 8. BONDS PAYABLE, NET - continued

	<u>Original Amount</u>	<u>1995</u>	<u>1994</u>
1995 -			
Series A-1 and A-2 serial and term bonds 4.75% to 6.55% maturing in scheduled semi-annual installments commencing December 1, 1997 to December 1, 2009, and on December 1, 2012, December 1, 2017, December 1, 2025, and June 1, 2027.	\$ 33,580,000	\$ 33,580,000	-
Total bonds outstanding		221,664,991	220,534,593
Unamortized bond discount		-	(14,203)
Total bonds payable, net		<u>221,664,991</u>	<u>220,520,390</u>
Single Family III Mortgage Bonds:			
1988 -			
Series B-1 and B-2, serial and term senior bonds and subordinate bonds, 6.2% to 8.9% interest, maturing in scheduled semi-annual installments to October 1, 2008, and on October 1, 2014 and October 1, 2020.			
Senior Bonds	\$ 24,000,000	\$ 11,810,000	\$ 14,140,000
Subordinate Bonds	1,000,000	570,000	700,000
Single Family IV Mortgage Bonds:			
1989 -			
Series A-1 and A-2, serial and term senior bonds and subordinate bonds, 7% to 9.2% interest, maturing in scheduled semi-annual installments to October 1, 2004, and on October 1, 2009, October 1, 2018 and October 1, 2020.			
Senior Bonds	24,000,000	12,110,000	14,545,000
Subordinate Bonds	1,000,000	580,000	695,000
Single Family V Mortgage Bonds:			
1990 -			
Series A-1 and A-2, serial and term senior bonds and subordinate bonds, 6.2% to 8.525% interest, maturing in scheduled semi-annual installments to October 1, 2005, and on October 1, 2010, October 1, 2016, October 1, 2017 and October 1, 2021.			
Senior Bonds	24,000,000	14,145,000	17,155,000
Subordinate Bonds	1,000,000	715,000	825,000

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 8. BONDS PAYABLE, NET - continued

	<u>Original Amount</u>	<u>1995</u>	<u>1994</u>
Single Family VI Mortgage Bonds:			
1990 -			
Series B-1 and B-2, serial and term bonds and subordinate bonds, 6.3% to 8.5% interest, maturing in scheduled semi-annual installments to October 1, 2005, and on October 1, 2010, October 1, 2016, October 1, 2017, and April 1, 2022.			
Senior Bonds	\$ 24,000,000	\$ 14,895,000	\$ 17,940,000
Subordinate Bonds	1,000,000	745,000	860,000
Single Family VII Mortgage Bonds:			
1990 -			
Series C-1 and C-2, serial and term bonds and subordinate bonds, 6.55% to 8.95% interest, maturing in semi-annual installments to October 1, 2004, and on October 1, 2010, October 1, 2017, October 1, 2021, and April 1, 2022.			
Senior Bonds	24,000,000	14,940,000	17,105,000
Subordinate Bonds	1,000,000	770,000	860,000
Single Family VIII Mortgage Bonds:			
1991 -			
Series A-1 and A-2, serial and term bonds and subordinate bonds, 5.2% to 8.275% interest, maturing in semi-annual installments to October 1, 2006, and on October 1, 2017, October 1, 2019, and October 1, 2022.			
Senior Bonds	24,000,000	17,910,000	20,330,000
Subordinate Bonds	1,000,000	815,000	910,000
Single Family IX Mortgage Bonds:			
1991 -			
Series B-1 and B-2, serial and term bonds and subordinate bonds, 5.50% to 8.4% interest, maturing in semi-annual installments to October 1, 2004, and on October 1, 2006, October 1, 2017, October 1, 2022 and April 1, 2023.			
Senior Bonds	24,000,000	18,365,000	20,870,000
Subordinate Bonds	1,000,000	820,000	900,000

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 8. BONDS PAYABLE, NET - continued

	<u>Original Amount</u>	<u>1995</u>	<u>1994</u>
Single Family X Mortgage Bonds:			
1992 -			
Series A-1 and A-2, serial and term bonds and subordinate bonds, 4.45% to 7.85% interest, maturing in scheduled semi-annual installments to October 1, 2006, and on October 1, 2016, October 1, 2022 and October 1, 2023.			
Senior Bonds	\$ 24,000,000	\$ 19,845,000	\$ 21,110,000
Subordinate Bonds	1,000,000	<u>830,000</u>	<u>890,000</u>
Total Single Family Mortgage bonds payable, net		<u>410,603,570</u>	<u>438,448,800</u>

All single family mortgage bonds are subject to mandatory sinking fund requirements of scheduled amounts commencing at various dates and to optional redemption at various dates at prices ranging from 100% to 103%.

Single Family III through X mortgage senior bonds are special obligation bonds of the Board of Housing whereas subordinate bonds are general obligation bonds of the Board of Housing.

Single Family I and II mortgage series bonds are general obligation bonds of the Board of Housing within the individual bond indenture.

	<u>Original Amount</u>	<u>1995</u>	<u>1994</u>
Multifamily Mortgage Bonds:			
1978 -			
Series A, 6.125% interest, maturing in scheduled annual installments to August 1, 2019.			
	\$ 4,865,000	\$ 4,305,000	\$ 4,365,000
1992 -			
Series A, 2.95% to 6.55% interest, serial and term Bonds, maturing in scheduled semi-annual installments to August 1, 2006, and on August 1, 2012, and August 1, 2023.			
	9,725,000	<u>9,465,000</u>	<u>9,615,000</u>
Total bonds outstanding		13,770,000	13,980,000
Unamortized bond premiums		<u>53,729</u>	<u>55,945</u>
Total Multifamily Mortgage bonds payable, net		<u>13,823,729</u>	<u>14,035,945</u>
Combined total bonds payable, net		<u>\$ 424,427,299</u>	<u>\$ 452,484,745</u>

All multifamily bonds are subject to mandatory sinking fund requirements of scheduled amounts commencing at various dates and to optional redemption after various dates at prices ranging from 100% to 105%

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 8. BONDS PAYABLE, NET - continued

The following is a primary summary of bond principal and interest requirements as of June 30, 1995:

Year Ending June 30:	Single Family Mortgage Program Funds	Multifamily Mortgage Program Funds	Principal Totals	Interest Totals
1996	\$ 38,545,549	\$ 1,068,860	\$ 13,625,000	\$ 25,989,409
1997	38,322,738	1,068,352	14,320,000	25,071,090
1998	38,044,978	1,071,563	14,560,000	24,556,540
1999	37,905,515	1,068,730	15,021,300	23,952,945
2000	37,945,153	1,069,857	15,608,776	23,406,234
Thereafter	<u>700,540,184</u>	<u>23,144,059</u>	<u>351,257,656</u>	<u>372,426,588</u>
Total	<u>\$ 891,304,117</u>	<u>\$ 28,491,421</u>	<u>\$ 424,392,732</u>	<u>\$ 495,402,806</u>

Cash paid for interest expenses during the years ending June 30, 1995 and 1994 was \$26,614,423 and \$31,762,438.

NOTE 9. LOSS ON REDEMPTION

During the years ended June 30, 1995 and 1994, the Board redeemed Single Family mortgage program Bonds prior to scheduled maturity as follows:

	1995	1994
Single Family I		
October 1	\$ 4,672,626	\$ 3,615,000
April 1	<u>1,170,428</u>	<u>6,879,327</u>
	<u>5,843,054</u>	<u>10,494,327</u>
Single Family II		
December 1	\$ 11,933,286	\$ 29,812,158
June 1	<u>5,235,054</u>	<u>25,123,071</u>
	<u>17,168,340</u>	<u>54,935,229</u>
Single Family III		
October 1	\$ 1,565,000	\$ 1,550,000
April 1	<u>670,000</u>	<u>2,475,000</u>
	<u>2,235,000</u>	<u>4,025,000</u>
Single Family IV		
October 1	\$ 1,720,000	\$ 1,785,000
April 1	<u>640,000</u>	<u>2,845,000</u>
	<u>2,360,000</u>	<u>4,630,000</u>
Single Family V		
October 1	\$ 1,615,000	\$ 1,475,000
April 1	<u>1,235,000</u>	<u>2,300,000</u>
	<u>2,850,000</u>	<u>3,775,000</u>

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 9. LOSS ON REDEMPTION - continued

Single Family VI		
October 1	\$ 1,765,000	\$ 1,690,000
April 1	<u>1,135,000</u>	<u>1,990,000</u>
	<u>2,900,000</u>	<u>3,680,000</u>
Single Family VII		
October 1	\$ 1,300,000	\$ 1,830,000
April 1	<u>715,000</u>	<u>2,825,000</u>
	<u>2,015,000</u>	<u>4,655,000</u>
Single Family VIII		
October 1	\$ 1,120,000	\$ 965,000
April 1	<u>1,100,000</u>	<u>1,370,000</u>
	<u>2,220,000</u>	<u>2,335,000</u>
Single Family IX		
October 1	\$ 1,420,000	\$ 1,040,000
April 1	<u>890,000</u>	<u>1,200,000</u>
	<u>2,310,000</u>	<u>2,240,000</u>
Single Family X		
October 1	\$ 580,000	\$ 2,145,000
April 1	<u>460,000</u>	<u>720,000</u>
	<u>1,040,000</u>	<u>2,865,000</u>
Total	<u>\$ 40,941,394</u>	<u>\$ 93,634,556</u>

All such Bonds were redeemed at par or 100% of their compounded value to date of redemption. Unamortized discounts and cost of issuance associated with the bonds redeemed were expensed at time of redemption and are reported as losses on redemption of \$485,504 and \$1,308,464 in 1995 and 1994, respectively.

NOTE 10. COMMITMENTS AND CONTINGENCIES

The Board has reserved and is in the process of purchasing Single Family Mortgages of approximately \$19,326,295 from the issuance of the 1995 Series A Bonds.

The Board has committed to purchase Single Family Mortgages as noted below:

Owners in Partnership	\$ 782,188
Affordable Housing Program	780,000
City of Billings	1,520,092
Western MT Mental Health Center	1,330,000
District XI Human Resources	1,500,000
City of Kalispell	2,686,000
Neighborhood Housing Services Inc.	105,473
Disabled Accessible Affordable Home Ownership	2,400,715
Cash Assistance Program	2,000,000

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 10. COMMITMENTS AND CONTINGENCIES-continued

Single Family Commitments - continued:

Montana Peoples Action Affordable Hsg Prgm	150,000
Residential New Construction Pilot Program for Energy Efficient Homes	1,594,297
Western Montana Mental Health Ctr Prgm	<u>171,000</u>
Total Single Family commitments	<u>\$15,019,765</u>

The Board has committed to purchase Multifamily Mortgages as noted below:

Bozeman Interfaith Housing	\$ 355,000
Great Falls Housing Authority	266,000
Phillips Apartments	269,000
Billings Housing Authority	340,811
FAF Subsidy Setaside	112,090
(restricted by agreement with HUD)	
HUD Risk Sharing	500,000
(To cover risk per contract with HUD)	
Total Multifamily commitments	<u>\$ 1,842,901</u>

The Board has committed Housing Trust Funds as noted below:

Home buyers Cash Assistance Program	\$ 45,000
Home buyers Cash Assistance Program - Disabled	48,000
Reverse Annuity Mortgage Loan Program	<u>1,128,514</u>
Total Housing Trust Fund commitments	<u>\$1,221,514</u>

These mortgage commitments will be funded through cash and investments.

The Board leases office space at \$2,338 per month per a lease agreement expiring March 1, 1996. Additionally, during the ordinary course of business, the Board incurs expenses under various cancelable leases for rental of equipment and maintenance contracts.

NOTE 11. EMPLOYEE BENEFIT PLANS

Pension Plan: All eligible employees of the Montana Board of Housing participate in the Montana Public Employees Retirement System (PERS), a defined benefit plan and cost-sharing multiple-employer public employee retirement system. The Board is required to contribute for full-time employees at the rate of 6.70% of annual compensation under State statute. Employees are required to contribute 6.70% of annual compensation. Part-time employees have an option to belong to the retirement plan, depending upon hours worked.

The total number of Board employees covered during the years ended June 30, 1995 and 1994, was 12 and 13, respectively. The total covered payroll and total payroll for these employees was \$310,664 in 1995 and \$316,450 in 1994. The Board's contributions were \$20,673 and \$29,181 for the years ended June 30, 1995 and 1994, respectively. Benefit eligibility is age 60 with at least 5 years service; age 65 regardless of service; or 30 years of service regardless of age. Actuarially reduced benefits may be taken with 25 years of service or at age 50 with at least 5

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 11. EMPLOYEE BENEFIT PLANS - continued

years of service. Monthly retirement benefits are determined by taking 1/56 times the number of years of service times 60% maximum of final pay. Members' rights become vested after 5 years of service.

In 1994, the State of Montana allowed early retirement for qualifying employees. The State made additional contributions to the retirement plan for those employees who chose this option.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actual present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among employers. The Board is unable to determine the actuarial present value of credited projected benefits and net assets available for benefits since the information is available only on a total State basis, not agency basis.

The pension benefit obligation at June 30, 1994, (the latest information available) for the State system as a whole was \$1,475,981,068. The system's net assets available for benefits at cost on June 30, 1994 were \$1,202,058,615 leaving an overall unfunded pension benefit obligation of \$273,922,453. The Board's 1994 contribution represented less than 1% of total June 30, 1994 contributions required of all participating entities. The Board is not responsible for any State system unfunded liability.

Ten year historical trend information showing the State system's progress in accumulating sufficient assets to pay benefits when due is presented in the system's June 30, 1994 annual financial report, which is available from the Montana Department of Administration.

Deferred Compensation Plan: The Board's permanent employees are eligible to participate in the State of Montana's deferred compensation plan. The State of Montana administers the plan by contractual arrangement with Nationwide Insurance. The amount of compensation deferred is not available to employees until termination, retirement, death, or unforeseen emergency. All amounts deferred under the plan created under Internal Revenue Code Section 457 remain the property of the State of Montana until paid, subject only to claims of the State of Montana's general creditors. Participants' rights under the plan are equal to those of general creditors of the State of Montana in an amount equal to their fair market value of the deferred account for each participant.

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 12. CONTINGENT ARBITRAGE REBATE TAX LIABILITY PAYABLE TO U.S. TREASURY DEPARTMENT

The Board has established an accrual for the contingent liability for estimated arbitrage payments due to the Treasury Department in accordance with the Internal Revenue Code. The amount of the rebate in general terms is the difference between the actual interest earned on investments and "allowable" interest as defined by Treasury Department Regulations. Ninety percent of the estimated rebate will be paid to the United States Treasury within 60 days of the end of every fifth bond year until the bonds are retired, at which time 100% of the remaining rebate amount is due. Cash paid in arbitrage rebate taxes to the U.S. Treasury Department was \$186,900 and \$283,899 for fiscal years ending June 30, 1995 and 1994, respectively. The liabilities, which amounted to \$125,280 and \$234,689 as of June 30, 1995 and 1994, respectively, were fully funded.

NOTE 13. EXTRAORDINARY LOSS

Period ended June 30, 1994: On April 13, 1994, the Board issued \$25,725,000 Single Family Program Refunding Bonds, 1994 Series A. The proceeds of these bonds were used to optionally redeem, on April 15, 1994, at a price of 103% \$7,335,000 and at par \$940,000 Single Family Program Bonds, 1983 Series A and at a price of 103% \$8,450,000 of Single Family Program Bonds, 1983 Series C. The payment of the early redemption premium of \$473,550 and the write-off of the remaining deferred bond issuance costs of \$227,094 resulted in an extraordinary loss of \$700,644.

NOTE 14. SUBSEQUENT EVENTS

Since July 1, 1995, the Board of Housing has operated within the Housing Division of the Department of Commerce. The Housing Division includes, the Board; Section 8, Housing Assistance; and the HOME programs.

On September 13, 1995, the Board issued \$88,000,000 Single Family Program Bonds. A portion of the proceeds of these bonds will be used to optionally redeem, on October 16, 1995, \$40,660,000 of the 1979 Series A. The payment of the early redemption premium and the write-off of the remaining deferred bond issuance costs as well as any gains or losses on the sale of investments will be deferred and amortized over the shorter of the life of the new bonds or the life of the redeemed bonds.

NOTE 15. DEFERRED BOND ISSUANCE COSTS

On June 9, 1994, the Board issued \$40,815,000 Single Family Program Bonds, 1994 Series B. A portion of these proceeds were used to optionally redeem, on August 1, 1994, \$16,875,000 of the Single Family Program Bonds 1983 Series B, at a premium of 102.5%, and \$11,200,000 of the Single Family Program Bonds 1984 Series A, at a premium of 103%.

MONTANA BOARD OF HOUSING
A Component Unit of the State of Montana
NOTES TO THE FINANCIAL STATEMENTS(continued)
June 30, 1995 and 1994

NOTE 15. DEFERRED BOND ISSUANCE COSTS-CONTINUED

On April 6, 1995, the Board issued \$33,580,000 Single Family Program Bonds, 1995 Series A. A portion of these proceeds were used to optionally redeem, on June 1, 1995, \$5,000,000 of the Single Family Program Bonds 1985 Series B, at a premium of 102%.

As required by Governmental Accounting Standards Board (GASB), Statement Number 23, the Board has deferred the costs related to the refundings of the 1994 Series B and the 1995 Series A Bonds. Prior to the implementation of GASB 23, these costs were recognized as extraordinary losses. In 1994, the cost associated with refunding the 1994 Series A bonds was presented as an extraordinary loss of \$700,644 (See Note 13).

Under GASB 23, the deferred costs are required to be amortized over the shorter of the life of the refunded bonds or the life of the refunding bonds.

The following amounts were deferred and are being amortized under the GASB 23 guidelines:

<u>1994B Refunding</u>	
Cost of Issuance related to 1983B	181,384
Cost of Issuance related to 1984A	135,645
Premium paid on 1983B bonds	421,875
Premium paid on 1984A bonds	336,000
Bond discount related to 1984A	14,046
<u>1995A Refunding</u>	
Cost of Issuance related to 1985B	87,214
Premium paid on 1985B bonds	100,000
Gain on sale of investments related to refunding on the 1985B bonds	(513,930)
Total Deferred refunding costs	762,234
Less 1995 amortization	(265,954)
Net Deferred refunding costs	<u>496,280</u>

The 1994 Series B refunding resulted in an economic gain of \$11,962,013 and a difference in cash flows of \$10,104,447. The 1995 Series A refunding resulted in an economic gain of \$1,174,540 and a cash flow difference of (\$1,430,338). The 1995A issue is at a substantially lower interest rate, but a negative cash flow resulted because the debt payments of the refunding debt (1995A) were extended for 16 years beyond debt payment of the refunded debt (1985B).

NOTE 16. RELATED PARTY TRANSACTIONS

Employees, officers and stockholders of certain approved originator and servicing financial institutions of the Board also serve as directors of the Board of Housing

**MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
SINGLE FAMILY COMBINING BALANCE SHEET
JUNE 30, 1995**

	Single Family I	Single Family II	Single Family III	Single Family IV
<u>ASSETS</u>				
Cash and cash equivalents	380,594	1,299,682	5,007	5,397
Investments	32,444,057	97,662,737	1,652,143	1,972,703
Mortgage loans receivable	46,778,123	169,803,918	10,981,763	10,925,890
Interest receivable--Investments	233,801	1,511,340	27,376	34,463
Interest receivable-Mortgages	345,568	1,194,271	98,013	92,987
Deferred bond issuance costs, net	882,892	2,628,956	156,945	184,260
Fixed assets	6,831	68,496	-	-
Prepaid expense	8,281	19,168	-	-
Accounts receivable	-	1,051	-	-
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Total assets	<u>81,080,147</u>	<u>274,189,619</u>	<u>12,921,247</u>	<u>13,215,700</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	55,141	139,368	6,611	6,194
Cost of issuance payable	-	52,115	-	-
Accrued interest bonds payable	973,496	1,382,802	242,232	258,117
Bonds payable, net	59,073,579	221,664,991	12,380,000	12,690,000
Less: Deferred refunding costs	-	(496,280)	-	-
Arbitrage tax payable to U.S. Treasury Department	-	-	-	50,430
Accrued compensated absences	8,761	16,110	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>60,110,977</u>	<u>222,759,106</u>	<u>12,628,843</u>	<u>13,004,741</u>
<u>RETAINED EARNINGS:</u>				
Reserved Retained Earnings-				
Pledged to Bondholders				
Single Family Programs	12,370,891	45,009,027	292,404	210,959
Various Recycled Mortgage Programs	8,598,279	6,421,486	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Retained Earnings	<u>20,969,170</u>	<u>51,430,513</u>	<u>292,404</u>	<u>210,959</u>
Total Liabilities and Retained Earnings	<u>81,080,147</u>	<u>274,189,619</u>	<u>12,921,247</u>	<u>13,215,700</u>

MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
SINGLE FAMILY COMBINING BALANCE SHEET
JUNE 30, 1995

	Single Family V	Single Family VI	Single Family VII
ASSETS			
Cash and cash equivalents	5,896	4,798	280
Investments	2,301,553	2,207,608	2,564,938
Mortgage loans receivable	12,734,212	13,587,169	13,310,448
Interest receivable--Investments	39,334	39,495	44,373
Interest receivable--Mortgages	104,552	104,921	111,434
Deferred bond issuance costs, net	203,380	213,319	207,815
Fixed assets	-	-	-
Prepaid expense	-	-	-
Accounts receivable	-	-	-
Total assets	<u>15,388,927</u>	<u>16,157,310</u>	<u>16,239,288</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	7,738	7,212	7,155
Cost of issuance payable	-	-	-
Accrued interest bonds payable	285,431	299,574	306,824
Bonds payable, net	14,860,000	15,640,000	15,710,000
Less: Deferred refunding costs	-	-	-
Arbitrage tax payable to U.S.	-	-	-
Treasury Department	17,399	13,220	44,231
Accrued compensated absences	-	-	-
Total liabilities	<u>15,170,568</u>	<u>15,960,006</u>	<u>16,068,210</u>
RETAINED EARNINGS:			
Reserved Retained Earnings-			
Pledged to Bondholders			
Single Family Programs	218,359	197,304	171,078
Various Recycled Mortgage Programs			
Total Retained Earnings	<u>218,359</u>	<u>197,304</u>	<u>171,078</u>
Total Liabilities and Retained Earnings	<u>15,388,927</u>	<u>16,157,310</u>	<u>16,239,288</u>

**MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
SINGLE FAMILY COMBINING BALANCE SHEET
JUNE 30, 1995**

	Single Family VIII	Single Family IX	Single Family X	Combined totals
<u>ASSETS</u>				
Cash and cash equivalents	1,817	(655)	(17,334)	1,685,482
Investments	2,896,287	2,940,009	2,824,361	149,466,396
Mortgage loans receivable	15,950,194	16,304,320	17,705,074	328,081,111
Interest receivable—Investments	43,858	45,220	39,280	2,058,540
Interest receivable—Mortgages	115,134	117,725	123,209	2,407,814
Deferred bond issuance costs, net	263,202	261,753	290,235	5,292,757
Fixed assets	-	-	-	75,327
Prepaid expense	-	-	-	27,449
Accounts receivable	-	-	-	1,051
Total assets	<u>19,270,492</u>	<u>19,668,372</u>	<u>20,964,825</u>	<u>489,095,927</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	8,074	7,900	9,222	254,615
Cost of issuance payable	-	-	-	52,115
Accrued interest bonds payable	336,849	344,182	341,388	4,770,895
Bonds payable, net	18,725,000	19,185,000	20,675,000	410,603,570
Less: Deferred refunding costs	-	-	-	(496,280)
Arbitrage tax payable to U.S. Treasury Department	-	-	-	125,280
Accrued compensated absences	-	-	-	24,871
Total liabilities	<u>19,069,923</u>	<u>19,537,082</u>	<u>21,025,610</u>	<u>415,335,066</u>
<u>RETAINED EARNINGS:</u>				
Reserved Retained Earnings-				
Pledged to Bondholders				
Single Family Programs	200,569	131,290	(60,785)	58,741,096
Various Recycled Mortgage Programs				15,019,765
Total Retained Earnings	<u>200,569</u>	<u>131,290</u>	<u>(60,785)</u>	<u>73,760,861</u>
Total Liabilities and Retained Earnings	<u>19,270,492</u>	<u>19,668,372</u>	<u>20,964,825</u>	<u>489,095,927</u>

MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
SINGLE FAMILY COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
JUNE 30, 1996

	Single Family I	Single Family II	Single Family III	Single Family IV
REVENUES.				
Interest Income-mortgage loans	3,865,399	11,537,296	1,022,147	1,056,342
Interest Income-Investments	2,117,691	7,286,726	167,008	199,146
Fee Income	-	14,518	-	-
Gain (loss) on sale of investments	-	1,083,208	-	-
Other income	-	230	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	5,983,090	19,921,978	1,189,155	1,255,488
EXPENSES.				
Interest on bonds	4,358,528	14,845,547	1,047,558	1,113,993
Servicer fees	182,782	536,841	44,560	44,502
Amortization of bond issuance costs	73,601	379,719	10,586	11,891
General and administrative	204,130	536,809	12,259	10,058
Arbitrage rebate tax	-	-	-	15,553
Loss on redemption	103,657	132,076	28,965	35,088
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	4,922,698	16,430,992	1,143,928	1,231,085
Operating Income	1,060,392	3,490,986	45,227	24,403
Nonoperating expenses				
Loss on disposal of fixed assets	-	(875)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net income (loss)	1,060,392	3,490,111	45,227	24,403
Retained Earnings, beginning of year				
Reserved Retained Earnings-Pledged to Bondholder	19,908,778	47,940,402	247,177	186,556
Retained Earnings, end of year				
Reserved Retained Earnings-Pledged to Bondholder	20,969,170	51,430,513	292,404	210,959

MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
SINGLE FAMILY COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
JUNE 30, 1995

	Single Family V	Single Family VI	Single Family VII	Single Family VIII
REVENUES:				
Interest Income-mortgage loans	1,165,899	1,234,385	1,248,740	1,387,126
Interest Income-Investments	235,932	233,772	209,250	227,572
Fee income	-	-	-	-
Gain (loss) on sale of investments	-	-	-	-
Other income	-	-	-	-
	-----	-----	-----	-----
Total revenues	<u>1,401,831</u>	<u>1,468,157</u>	<u>1,457,990</u>	<u>1,614,698</u>
EXPENSES:				
Interest on bonds	1,252,423	1,305,139	1,302,939	1,434,710
Servicer fees	52,102	55,134	54,854	65,219
Amortization of bond issuance costs	12,427	12,597	12,601	15,540
General and administrative	14,760	14,514	19,870	21,929
Arbitrage rebate tax	22,990	29,353	9,595	-
Loss on redemption	39,618	40,218	27,194	31,702
	-----	-----	-----	-----
Total expenses	<u>1,394,320</u>	<u>1,456,955</u>	<u>1,427,053</u>	<u>1,569,100</u>
Operating Income	7,511	11,202	30,937	45,598
Nonoperating expenses				
Loss on disposal of fixed assets	-	-	-	-
	-----	-----	-----	-----
Net income (loss)	7,511	11,202	30,937	45,598
Retained Earnings, beginning of year:				
Reserved Retained Earnings-Pledged to Bondholder	210,848	186,102	140,141	154,971
Retained Earnings, end of year:				
Reserved Retained Earnings-Pledged to Bondholder	<u>218,359</u>	<u>197,304</u>	<u>171,078</u>	<u>200,569</u>

MONTANA BOARD OF HOUSING,
A COMPONENT UNIT OF THE STATE OF MONTANA
SINGLE FAMILY COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
JUNE 30, 1995

	Single Family IX	Single Family X	Combined totals
REVENUES.			
Interest Income-mortgage loans	1,411,419	1,394,915	25,323,008
Interest Income-Investments	225,273	173,705	11,076,075
Fee income	-	-	14,518
Gain (loss) on sale of investments	-	-	1,083,208
Other income	-	-	230
	<hr/>	<hr/>	<hr/>
Total revenues	1,636,692	1,568,620	37,497,699
EXPENSES.			
Interest on bonds	1,457,312	1,404,156	29,522,305
Servicer fees	66,604	70,558	1,173,156
Amortization of bond issuance costs	15,376	16,196	560,534
General and administrative	21,258	32,633	888,220
Arbitrage rebate tax	-	-	77,491
Loss on redemption	32,127	14,859	485,504
	<hr/>	<hr/>	<hr/>
Total expenses	1,592,677	1,538,402	32,707,210
Operating Income	44,015	30,218	4,790,489
Nonoperating expenses			
Loss on disposal of fixed assets	-	-	(875)
	<hr/>	<hr/>	<hr/>
Net income (loss)	44,015	30,218	4,789,614
Retained Earnings, beginning of year			
Reserved Retained Earnings-Pledged to Bondholder	87,275	(91,003)	68,971,247
Retained Earnings, end of year			
Reserved Retained Earnings-Pledged to Bondholder	131,290	(60,785)	73,760,861

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